



Daily Report

Central Eurasia

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CONTENTS

31 May 1995

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INTERREGIONAL AFFAIRS

Army Paper Assesses Minsk Summit Results [KRASNAYA ZVEZDA 30 May]	1
ITAR-TASS Carries Press Review for 31 May	1
Scientists May Use Caspian Overflow To Save Aral [TRUD 20 May]	2

RUSSIA INTERNATIONAL AFFAIRS

Joint Document With NATO on PFP Endorsed [ITAR-TASS]	4
Kozyrev on Launching Cooperation [ITAR-TASS]	4
NATO 'Satisfaction' at Kozyrev Remarks [ROSSIYSKAYA GAZETA 31 May]	5
Yeltsin: Russia Still Opposes NATO Expansion [ITAR-TASS]	5
NATO Expansion, PFP Accession Seen as Inevitable [KOMMERSANT-DAILY 31 May]	5
Defense Ministry Bests MFA on PFP Approach [SEGODNYA 31 May]	6
Duma Defense Committee Chairman on NATO, PFP [KURANTY 31 May]	7
Further on Bosnia Situation, Contact Group	7
Yeltsin Objects to Use of Force [ITAR-TASS]	7
NATO Reinforcements Opposed [INTERFAX]	8
U.S. Attache Sends Letter for Grachev [MOSKOVSKIY KOMSOMOLETS 31 May]	8
Rotation of Unit in Krajina Under Way [KRASNAYA ZVEZDA 31 May]	9
U.S. Seen 'Pushing' Europeans Into Bosnia Clash [PRAVDA 31 May]	9
Article Envisions NATO Losing Balkan War [MOSKOVSKIYE NOVOSTI 4 Jun]	10
Foreign Ministry Hosts News Conference	11
Karasin on Contact Group Meeting [INTERFAX]	11
Posuvalyuk's Mideast Tour Assessed [ITAR-TASS]	11
Cited on Moscow's Korean Peace Efforts [INTERFAX]	12
Fisheries Talks Held With Japan [INTERFAX]	12
Karasin on Ethnic Russians' Rights [INTERFAX]	12
Foreign Ministry Official on CIS Summit Results [ITAR-TASS]	12
Yeltsin Cited on Position on Black Sea Fleet [ITAR-TASS]	13
Aide to President Yeltsin Comments on Issues	13
Position on Fleet Bases 'Unshakable' [INTERFAX]	13
Ryurikov on Moscow's Fleet Proposals [INTERFAX]	13
Cited on CIS Peacekeeping Work [INTERFAX]	14
Iranian President Asserts Yeltsin To Visit [ITAR-TASS]	14
Iran's Politico-Religious Power Structure Examined [IZVESTIYA 31 May]	14
Yerin, PRC Minister Discuss Drug, Arms Smuggling [ITAR-TASS]	16
Davydov Meets With Finnish Prime Minister [ITAR-TASS]	17
Article Discusses Havel Letter to Yeltsin [ROSSIYSKAYA GAZETA 30 May]	17

RUSSIA NATIONAL AFFAIRS

Political Issues

Yeltsin Advises Workers To Make Own Choices in Elections [ITAR-TASS]	19
Yeltsin Increases Court Officials' Salaries [ITAR-TASS]	19
Further Cuts in State Apparatus Being Prepared [INTERFAX]	19
Zaveryukha, Rybkin Come Under Fire at Agrarian Plenum [SOVETSKAYA ROSSIYA 30 May]	19
Agrarian Party's Lapshin on Election Program [PRAVDA 30 May]	20
National Salvation Front's Role Viewed [VECHERNIY NOVOSIBIRSK 19 May]	22
Pseudo-Cossacks Linked to Organized Crime [ROSSIYSKAYA GAZETA 23 May]	23

Military & Nuclear Issues

Gen Lebed Requests Discharge From Armed Forces [ITAR-TASS]	26
Superiors Said To Request Resignation [Moscow Radio]	26
Missile Commander on Problems With Energy Suppliers [ITAR-TASS]	26
Jan-Apr Military-Industrial Complex Performance Data [KRASNAYA ZVEZDA 27 May]	27
Krasnoyarsk Plant Again Stores Ukraine's Spent Nuclear Fuel [ITAR-TASS]	27

Federal Assembly

Moratorium on NATO Air Strikes in Bosnia Urged [INTERFAX]	28
Text of Statement on Belarus Referendum Results [ROSSIYSKAYA GAZETA 30 May]	28

Regional Affairs

Further on Aftermath of Sakhalin Earthquake	29
Yeltsin Edict on Day of Mourning [ROSSIYSKAYA GAZETA 31 May]	29
Yeltsin Edict on Emergency Aid [ROSSIYSKAYA GAZETA 31 May]	29
Chernomyrdin Chairs Aid Meeting [Moscow Radio]	30
Chernomyrdin Reports New Tremors [ITAR-TASS]	30
Chubays Authorizes Release of Funds [ROSSIYSKAYA GAZETA 31 May]	31
Foreigners Offer Aid [IZVESTIYA 31 May]	31
379 Dead Extricated From Rubble [ITAR-TASS]	31
Quake Damages 45 Km of Pipeline [ITAR-TASS]	32
Police Refute Rumors of Looting [ITAR-TASS]	32

Update on Battlefield Situation in Chechnya	32
Chechens Seek To Expand Hostilities [INTERFAX]	32
AP Cameraman Killed [ITAR-TASS]	32
Marines Suffer 'Heavy Losses' [KRASNAYA ZVEZDA 31 May]	32
Chechen Economic Restoration To Be Funded 'This Year' [ITAR-TASS]	33
New TV Company Registered in St. Petersburg [IZVESTIYA 26 May]	33
Squabbles Break Up LDPR's Tver Oblast Branch [IZVESTIYA 24 May]	34
Tatarstan President To Back Chernomyrdin Bloc [SEGODNYA 31 May]	35
Tatarstan President on Republic's Achievements [ITAR-TASS]	35
New Tatarstan Statistics Committee Head Appointed [RESPUBLIKA TATARSTANA 20 May]	36
New Oil Processing Complex for Tatarstan [IZVESTIYA TATARSTANA 16 May]	36
Samara Oblast Economic Development Viewed [SAMARSKIYE IZVESTIYA 28 Apr]	37
Samara Oblast Implements Small Business Program [SAMARSKAYA GAZETA 11 Apr]	38
Volga Regional Development Discussed [SAMARSKIYE IZVESTIYA 22 Apr]	38
Samara Oblast Organized Crime Activities [SAMARSKAYA GAZETA 26 Apr]	39
Rostov Slight Defense Plants in Industry Promotion Plan [SEGODNYA 26 May]	40
Kemerovo Oblast Assembly Backs Kuzbass-Wide Elections for Governor [KUZNETSKIY KRAY 22 Apr]	41
Kuzbass Poll Shows Crime, Chechnya 'Main Problems' [KUZNETSKIY KRAY 8 Apr]	41
New Bloc's Regional Branch Founded in Yakutia [ROSSIYSKAYA GAZETA 26 May]	42
Commission Acquits Maritime Administration of 'Wrongdoing' [ITAR-TASS]	43
Far East, Transbaykal Lawmakers Session Reported [SEGODNYA 26 May]	43
Chukotka Voices Anti-Moscow Sentiments [SOVETSKAYA ROSSIYA 20 May]	43

Economic Issues

Rising Ruble, High Inflation Examined [SEGODNYA 31 May]	46
Import Duties To Raise Food Prices, Cut Supply [IZVESTIYA 30 May]	46
Impediments to Tax Reform Viewed [NEVSKOYE VREMYA 24 May]	47
Belyayev on Privatization's Second Stage [KOMMERSANT-DAILY 30 May]	49
Development of Budgetary Federalism Examined [FINANSY SSSR Apr 95]	51
Down Side of Ingushetia Economic Zone Experiment Viewed [ROSSIYSKAYA GAZETA 27 May]	56
Financial Problems Threaten Agro-Industrial Sector [SEGODNYA 28 May]	57

UKRAINE

International Affairs

UN, NATO Urged Not To Resort to Air Strikes [Kiev International]	58
Foreign Ministry Denies Crew Shot Down in Bosnia [INTERFAX]	58
Whereabouts of Hostages in Bosnia Unknown [INTERFAX]	58
Position of Hostages Viewed [Kiev International]	58
New Battalion To Replace Peacekeepers in Croatia [HOLOS UKRAYINY 27 May]	58
U.S. Inspectors 'Satisfied' With SALT I Observance [INTERFAX]	59
Joint Exercise 'Not Held Under NATO Auspices' [HOLOS UKRAYINY 26 May]	59
'Convention' Avoiding Double Taxation Ratified [INTERFAX]	60
OSCE Figure Advises Cancellation of Referendum [UNIAR]	60
Crimean Deputy Premier on OSCE Talks [KRYMSKAYA PRAVDA 19 May]	60
OSCE Recommendations on Crimean Situation [KRYMSKIYE IZVESTIYA 23 May]	61

National Affairs

Members of Chernobyl Alternative Consortium [INFOBANK]	62
Parliament Balks at Kuchma Power Bill Law [INTELNEWS]	63
Parliamentary Group Urges Support for President [INTERFAX]	63
Deputy Foreign Minister on NPT, Disarmament [KIYEVSKIYE VEDOMOSTI 26 May]	63
Tsekov For, Meshkov Against Kiev's Resolutions [INTERFAX]	65
Crimea Referendum Meeting Sponsored [KRYMSKIYE IZVESTIYA 25 May]	65
Draft of New Crimean Constitution Handed to MPs [ITAR-TASS]	66
Crimean Parliament Drops Constitutional Referendum [ITAR-TASS]	66
Dnepropetrovsk Official on Region's Situation [KIYEVSKIYE VEDOMOSTI 23 May]	67

Economic Issues

Measures Approved To Settle Nonpayment Crisis [INFOBANK]	68
Unions, Government Iron Out Tariff Agreement [INTELNEWS]	69
Lanovyy on Challenges of New Government Formation [INTELNEWS]	70
'Small Privatization' Program in Lvov Detailed [VYSOKYY ZAMOK 23 May]	71
Odessa Gas Company Turns Taps Off to Debtors [INTELNEWS]	72
Crimea 1st Quarter Market Relations Report [KRYMSKIYE IZVESTIYA 24 May]	73
Crimea 1st Quarter Consumer Market Report [KRYMSKIYE IZVESTIYA 23 May]	73

WESTERN REGION

Belarus

Yeltsin: Russia, Belarus Border No Longer Exists [ITAR-TASS]	75
Vietnamese Deputy Prime Minister Visiting Minsk [INTERFAX]	75
Received by President Lukashenka [Minsk Radio]	75
Party Leader Warns of 'Totalitarianism' [MMC]	75
Communist Leader Vows Fight Against Presidency [MMC]	76

Moldova

Iranian Vice President Arrives on 'Working Visit' [INFOTAG]	76
Russian Handling of 14th Army Situation Criticized [INTERFAX]	76

CENTRAL ASIA

Kazakhstan

Explosion Destroys Atom Bomb at Semipalatinsk [ITAR-TASS]	77
President Meets Dushanbe Delegation on Peace Talks [Moscow RTV]	77
State Border Protection Committee Formed [KRASNAYA ZVEZDA 30 May]	77
Baykonur Space Center Jubilee Held [ROSSIYSKAYA GAZETA 30 May]	77
Decree on Council To Draft Constitution [SOVETY KAZAKHSTANA 25 May]	78
Karaganda Miner on 'Sokurskaya' Situation [SOVETY KAZAKHSTANA 25 May]	78

Kyrgyzstan

Aga Khan Arrives, Holds Talks With Akayev [Bishkek Radio]	79
IMF Basic Indices of Reforms Puts Kyrgyzstan Fourth [OSH JANYRYGY 25 May]	79

Tajikistan

Talks With Russia on Defense Industry Production [Dushanbe Radio]	80
Need for Concessions at Inter-Tajik Talks [KRASNAYA ZVEZDA 31 May]	80
Government, Opposition To Exchange POW Lists [INTERFAX]	80
Opposition 'To Extend' Cease-Fire Agreement [INTERFAX]	81
Islamic Revival Deputy Chairman Interviewed [PANORAMA 27 May]	81

Uzbekistan

President Views Outcome of CIS Summit [NARODNOYE SLOVO 30 May]	83
Cabinet of Ministers Issues Decree on Economic Reforms [NARODNOYE SLOVO 26 May]	83
Official on Gold Mine Venture With U.S. [Tashkent Radio]	84
New Uzbek-Swiss Rail Freight Venture Begins [VECHERNIY TASHKENT 29 May]	85

CAUCASUS

Armenia

Bilateral Agreements With U.S. Not Ratified [SNARK]	86
Financing of Russian Military Bases Too Expensive [SNARK]	86
Delegation's Visit to Syria, Iran Reviewed [NEZAVISIMAYA GAZETA 19 May]	86
ARFD Bureau Session Held in Moscow [ARAGIL ELECTRONIC NEWS BULLETIN]	87

Azerbaijan

Aliyev Sees 'Possible' Agreement on Karabakh [DIE ZEIT 26 May]	87
Karabakh Warns Baku Against Violations of Air Space [INTERFAX]	88

BALTIC STATES

Estonia

Premier Vahi Discusses Accords With Russia [BNS]	89
Agreement With Israel on Weaponry Training [Tallinn Radio]	89
Vahi Hopes Latvian Border Problem To Be Resolved [Riga Radio]	89
Prime Minister Vahi: GDP Fell Last Year [ETA]	89

Latvia

Baltic Navies To Participate in NATO Exercises [Riga Radio]	90
Trade Decreases With Russia, CIS Bloc [LETA]	90
'Tibet Convention' Support Group Formed in Parliament [Riga Radio]	90

Lithuania

Brazauskas Comments on Sea Border Talks [Riga Radio]	90
Opposition Demands Annuling Sea Border Deal [Vilnius Radio]	91

Army Paper Assesses Minsk Summit Results
MM3005124595 *Moscow KRASNAYA ZVEZDA*
in Russian 30 May 95 p 3

[Report by Valeriy Kovalev: "On the Minsk Meeting's Results: Not All Border Barriers Demolished Yet. The 26 May Summit of CIS Countries' Leaders Held in Minsk Brought No Sensations, But Confirmed That the Trend Toward Integration Is Dominant"]

[FBIS Translated Text] During a break in the summit's proceedings, the presidents of Russia and Belarus signed a joint statement on the conclusion of the first stage of the creation of a customs union. Commenting on this event, Boris Yeltsin said that henceforth there are no borders between Russia and Belarus. Alyaksandr Lukashenka added: "The last remnants of this artificially created misunderstanding have been eliminated." It is well known that Kazakhstan has also joined the agreement on the customs union. A similar intention has been expressed by Kyrgyzstan, Tajikistan, and Uzbekistan. The foundation stone of the future currency union has also been laid. A decision to create an Interstate Currency Committee was adopted virtually unanimously (only Turkmenistan's representative abstained).

The Minsk summit gave considerable attention to political and military problems. True enough, there was considerably less accord here than during the discussion of economic issues. The convention on human rights and basic freedoms was signed by the leaders of six states. There is one more "autograph" beneath the convention on the interparliamentary assembly. Unanimity was not reached during the discussion of the treaty on the protection of borders of CIS member states bordering on states outside the CIS. Ukrainian President Leonid Kuchma, for instance, believes that "there are no external borders of the CIS, there are only external and internal borders of each specific state." For various reasons, the representatives of three other republics — Azerbaijan, Georgia, and Uzbekistan — did not append their signatures to the treaty.

There was quite a sharp discussion on extending the term of the stationing of collective peacekeeping forces in Tajikistan and Abkhazia. The term was extended, but the CIS leaders voiced serious complaints to Tajikistan's President Emomili Rakhmonov "for delays in creating a republican army and insufficiently energetic efforts to stabilize the situation in the country." Boris Yeltsin took a tough stance during the discussion of this issue, declaring that he "cannot any longer placidly watch coffins arriving back in Russia." Finally, he said, an end must be put to conflicts which result in the death of Russian young men.

A new commander of the Collective Peacekeeping Forces was appointed by decision of the heads of state. He is Lieutenant general Valentin Bobryshev. A comprehensive plan was also approved for settling the situation along the Tajik-Afghan border.

Furthermore, the Minsk meeting also considered a package of documents associated with the Commonwealth's collective security. Having turned down the draft statute on the Secretariat of the Collective Security Council and its table of organization, the states' leaders extended the powers of Vladimir Shabannikov, incumbent general secretary of the Collective Security Council, and approved a plan for implementing the concept of collective security and the basic guidelines for deepening military cooperation between CIS states.

This last document deserves special mention. The plan, spanning the period through the year 2000, contains about 30 points. Specifically, they envisage the creation of regional coalition forces, the elaboration of operations plans for their use in the event of aggression, and the holding of command-staff games. Deadlines have been set for the preparation of uniform training programs for higher military education establishments and the training of junior specialists. Measures have been planned to coordinate efforts in the sphere of the development and production of arms and combat equipment, material supplies for the troops, and much else. Briefly speaking, this is a highly serious document. Its implementation will make it possible to advance the CIS countries' integration in the defense sphere.

You get an ambiguous feeling when appraising the results of the Minsk summit. On the one hand, its participants confirmed their determination to firmly adhere to the course of real integration and adopted a series of important decisions aimed at deepening cooperation in many spheres. But on the other hand.... The three and a half years of the CIS' existence have already seen the signing of 300 documents, the voicing of a mass of arguments in favor of the Commonwealth, and a multitude of interviews expressing firm belief in its future. But life across the CIS expanses has hardly changed for the better....

ITAR-TASS Carries Press Review for 31 May
LD3105065595 *Moscow ITAR-TASS in English*
0437 GMT 31 May 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW MAY 31 ITAR-TASS — Today's leading Russian newspapers concentrate on the Sakhalin Island earthquake. The press prints

reports from the place of the tragedy, the town of Neftegorsk, describes rescue operations and publishes opinion of seismologists on possible reasons for the disaster.

"Russia bows its head to tragedy victims" says the main heading in the IZVESTIYA newspaper. The daily notes that the day of mourning announced by President Yeltsin on May 31 shows that "our country also starts to adopt gradually basic norms of a civilised attitude to its countrymen".

Sergey Leskov, IZVESTIYA scientific analyst, calls attention to the opinion of some geologists, claiming that disasters, similar to the Sakhalin quake, can be provoked by the development of oil and gas deposits.

"Seismology and production of minerals are separated from each other both in our country and all over the world," Leskov writes. "According to Vladimir Sidorov, a representative of Ekogeotsentr, Americans who came to the Tengiz oil deposit in Kazakhstan, waved away seismologists as irksome flies. However, several wells have been crushed even now, that is at the very outset of the development work."

A "round table" organised by the ROSSIYSKAYA GAZETA newspaper, which was attended by Russian Justice Minister Valentin Kovalev, focussed on construction of a law-governed state, the state of law observance in the country, judicial reform and the work of the Inter-Departmental Commission of the Russian Security Council.

The daily carries an interview with the minister under the headline "Difficult road to a law-governed state".

IZVESTIYA also carries the feature "New ideologues, old ideas" with the subtitle "Communists hope to fool gullibles for another time". It is devoted to the tactics of work with voters by the Russian Communist Party.

The daily prints an interview with prominent actor Oleg Tabakov who claimed that "actors should be cuddled but should not have access to power".

The newspaper describes the first issue of the reformed Nedelya weekly which now became a newspaper of city news.

The PRAVDA newspaper prints an interview with Aleksey Shulunov, president of the Defence Factories Promotion League, dealing with problems of the Russian military-industrial complex.

The army newspaper KRASNAYA ZVEZDA runs an interview with Cheslav Mlynnik, the former commander of the Riga police commandoes, stating that "Russia's interests are above former differences for real patriots".

The Chechen events made President Yeltsin delay the presentation of a marshal's baton to Defence Minister Pavel Grachev, claims the ARGUMENTY I FAKTY weekly, the last issue of which is fully devoted to replies to the most surprising questions by readers.

The press reported earlier that the minister would receive a marshal's title by May 9. "Incidentally, informed sources at the chief personnel department of the Russian Defence Ministry claim," the weekly continues, "a fabulous 'star fall' on generals' shoulder-straps, including on those of Grachev, is expected, according to a tradition, on June 12, Russia's Independence Day."

The ROSSIYSKIYE VESTI newspaper writes that an illegal attempt to sell the Baltic Spit, the pearl of the Baltic Sea, was thwarted in the Kaliningrad region. The newspaper conducted a journalistic investigation, asking the following question: Will the Kaliningrad region meet the fate of Alaska?

Scientists May Use Caspian Overflow To Save Aral
95WN0169A Moscow TRUD in Russian 20 May 95
p 4

[Report by TRUD correspondent Valeriy Biryukov under the rubric "Man and Nature": "The Aral Sea—Will the Caspian Sea Save It?"]

[FBIS Translated Text] Tashkent—The entire planet is aware these days of the Aral Sea's problems and troubles. Its death will have a boomerang effect on the health and well-being of a huge number of people. That is why numerous projects are being put forward, which at first glance belong in the realm of science fiction, and which, in the opinion of their authors, are capable of resurrecting the sea.

In the 20th century humankind has lost 2 billion hectares of irrigated land, and about as much is gradually becoming unusable and salinized. Central Asia is the leader in this respect. Over the past few years a new desert called "akkumy" (White Sands) has been emerging in the Aral region. It has taken more than 2 million hectares in the former aquatic area of the Aral, and calculations show that by the year 2000 the area of this desert will increase by half again.

The problem of protecting the Aral has been the subject of about 300 symposiums, seminars, and conferences; up to 500 draft concepts have been developed for its revival, which can be divided into two groups: first—saving the sea by conserving water; and second—aiding the Aral from the outside.

The Caspian Sea can and should "reach out to help" the Aral. A number of scientists and practitioners have

many times proposed this way out of the ecological dead end, and only now has consent been obtained in principle from the Azerbaijani side. While in the past many specialists were concerned that "transfusion" of the life-saving moisture into the weakened organism of the Aral would have negative consequences for Caspian ecology, now the Caspian is being directly named as the savior of the Aral.

At issue currently is not only aid to the Aral, but also saving the Caspian itself and its shore zone, which is being steadily absorbed by the suddenly "expanding" sea, whose level has been rising continuously over the past two years. Professor N. Abdukasymov, chairman of the Azerbaijani Academy of Sciences Committee on Problems of the Caspian Sea, offered his view on the task of saving two seas simultaneously: "Over the past five years the Caspian Sea level has risen by 2 meters. This process continues. If it goes on like this, by the year 2020 the sea level will have risen by another 5 meters. Because of this, 1,000 square kilometers of Azerbaijani land will end up under water; many settlements in Lenkoranskiy and Dzhaliabadskiy Rayons will sink to the bottom of the sea; rail tracks and highways will be flooded; and resorts will disappear.

"For Azerbaijan, a transfer of surplus water from the Caspian Sea basin is moving from the category of purely theoretical problems into the scope of vital and practical ones. Implementation of this project promises concrete, easily and quite precisely calculable benefits: No devastating floods, and preservation of hundreds of hectares of extremely fertile shoreline agricultural soil.... If we compare expenditures on transferring the dangerous surplus from the Caspian Sea to the Aral with the economic losses caused by floods, a redistribution of the water proves more economical. By the way, there is only about 500 km between the Caspian and the Aral.

"The area relief also may contribute to the project's success: In a number of segments of the future waterway the water can flow on its own—this will reduce the project's cost. In addition, the canal will go through the territory of Turkmenistan—its dead zone will green, and life will be restored on currently desert lands.

Turkmenistan has accumulated considerable experience in laying out water channels; they have experienced construction cadres and the necessary earth-moving equipment.

"If money is allocated for the project, this will bring new orders to the plants of Kazakhstan's machine-building complex. This means additional jobs and a navigable canal—a new transportation artery will cut through the territory of three republics: Kazakhstan, Turkmenistan, and Uzbekistan. Freight from Azerbaijan and Russia will have a direct route to get to Karakalpakia. The crucial question is how to lay down a solid financial foundation under this idea and take the first, most difficult steps.

"Some other facts indicate the scope of trouble the drying-up of the Aral portends for a huge region of the planet.

"According to data of Kazakh scientists M. Orlova and Zh. Akhunov, salt from the former bottom of the Aral is being carried over huge distances. In 1989 Indian scientists discovered Aral salts in the Himalaya mountains. It was recently also discovered in Mongolia.

"Last year a group of independent experts found salt on the Pamir and Tian Shan glaciers, which speeds up their melting. This is confirmed by space satellite photos.

"The toxic chemicals that settle on the Aral bottom are carried here by the flow of the Amudarya and Syrdarya. To this I can add that pollutants that form during launches of rockets and spacecraft from Baykonur also fall into the Aral Sea aquatic area.

"The precipitation of salt and acid rain causes degradation of agricultural land in Kazakhstan, Uzbekistan, Turkmenistan, and partly in Tajikistan and Kyrgyzstan.

"Within the bounds of Ellikhalinskiy Rayon of Karakalpakia alone there were until recently 50 historic landmarks; now only about 10 are left. And the capital of the ancient Khorezm, Toprak-Kala, is on the verge of disappearing...."

Joint Document With NATO on PFP Endorsed

*LD3105114695 Moscow ITAR-TASS in English
1120 GMT 31 May 95*

[By Valentin Volkov, Yuriy Kozlov, Aleksandr Mineyev]

[FBIS Transcribed Text] NOORDWIJK, The Netherlands May 31 (Itar-Tass) — Russia and NATO endorsed on Wednesday a joint document which envisages creating mechanisms for mutual cooperation in the framework of the Partnership for Peace programme and special relationship between the alliance and Russia as a great European country.

The documents were adopted at the meeting on the "16 plus one" formula between heads of the diplomatic agencies of NATO countries and Russian Foreign Minister Andrey Kozyrev. The meeting was held in the morning prior to the beginning of a regular session of the North Atlantic Cooperation Council in Noordwijk.

Taking part in the meeting are ministers of 16 NATO countries, 21 countries of central and east Europe. Representatives of five countries that are not members of the Council but participate in the Partnership for Peace programme, as well as Secretary-General of the Western European Union Jose Cutileiro were invited to the meeting as observers.

In the framework of NATO partnership programme, Russia will participate in joint military exercises with NATO, in the perfection of joint actions in peacekeeping and humanitarian operations and will be cooperating in the training of military personnel, etc. Twenty-six countries of east, central and northern Europe, and Asian republic of the former USSR joined in the NATO Partnership for Peace programme within a year and a half.

A document on broad, in-depth dialogue and cooperation between NATO and Russia adopted on Wednesday envisages mutual exchange of information on European security, interaction in building new structures of security in Europe, the prevention of conflicts, military-to-civilian conversion of the industry and ensuring that the military budgets are "transparent".

The mechanism of regular meetings and consultations under "16 plus one" formula will serve for the discussion of these and other matters. Special attention will be given to combatting the spread of weapons of mass destruction, including nuclear arms, chemical and biological weapons, to combating the contraband of nuclear materials and ensurance of nuclear safety. Close cooperation in peacekeeping operations is envisaged.

Inaugurating the session of the North Atlantic Cooperation Council, NATO Secretary-General Willy Claes pointed to the successful development of cooperation between countries of the Asia-Pacific region in security area, the cooperation that is implemented through the Council and the Partnership for Peace programme. He stressed that these forms of cooperation are complementary and must comprise an ever wider range of problems.

Kozyrev on Launching Cooperation

*LD3105124995 Moscow ITAR-TASS in English
1237 GMT 31 May 95*

[By Valentin Volkov, Yuriy Kozlov and Aleksandr Mineyev]

[FBIS Transcribed Text] NOORDWIJK, the Netherlands May 31 (Itar-Tass) — The individual programme of partnership and the document "Areas of broad, enhanced dialogue and cooperation between Russia and NATO" go into effect as of today. Russian Foreign Minister Andrey Kozyrev announced this, addressing a session of the North Atlantic Cooperation Council on Wednesday. He said the shaping of Russia's new relations with the reformed alliance will be an important element of the new system of security and stability in Europe.

Kozyrev said the recent meeting of the Russian Security Council presided over by Boris Yeltsin discussed Russia's policy in the area of European security. It was stressed that Russia is vitally interested in maintaining peace in Europe without divides, in the creation of a common zone of stability and progress.

"We see the main task in creating a system of universal security for Europe, stable security for on a long period ahead. This system should ensure the construction of undivided Europe and broad cooperation and coordination of efforts of all countries of the Euroatlantic region."

Kozyrev pointed to the need of NATO reform by transforming it from a military alliance into a political organisation. It is wrong to concentrate on the prospect of NATO expansion. Preserving NATO as a purely military bloc would contradict the tendencies of forming united Europe. The question arises against whom NATO is going to protect itself.

Kozyrev confirmed Russia's readiness for specific talks with the alliance on the contents and forms of future special relations between Russia and reformed NATO. "I must say again that we are interested in a dialogue on NATO's transformation and on Russia's special relations with NATO and members of the alliance. The

shaping of Russia's new relations with the reformed alliance will be an important element of European policy", Kozyrev said.

Russia's attitude to NATO's expansion remains unchanged, Kozyrev said. It does not meet either the interests of Russia's security or the interests of European security as a whole. A hurry to decide this matter may jeopardise the establishment of really mutually advantageous and constructive relations between Russia and NATO and call in question the expediency of Russia's participation in the Partnership for Peace programme. It will not bring greater stability and security.

Instead of discussing NATO's expansion it is necessary to concentrate on how to build a united Europe. If this cardinal question is solved, it will be easier to establish what roles will be played by NATO and other organisations and unions, who will become their members. "In other words, we suggest to stop and consider the matter, instead of acting hastily", he said.

"I am sure that Russia-NATO partnership is the promising enterprise with real dividends for our common undertaking: the ensurance of reliable security and stability in Europe", Kozyrev said.

NATO 'Satisfaction' at Kozyrev Remarks

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in Russian 31 May 95 First Edition p 7

[Unattributed report: "NATO Council Session"]

[FBIS Translated Text] The routine spring session of the NATO Council opened yesterday in the luxury Huis ter Duin (House on the Dunes) Hotel in the resort of Noordwijk near The Hague, amid enhanced security measures. The foreign ministers of the 16 countries belonging to the North Atlantic Alliance are taking part.

The sharp deterioration in events in Bosnia changed the priorities among items on the session's agenda, bringing to the fore the question of formulating measures for achieving a political settlement of the conflict on the territory of the former Yugoslavia, strengthening the security of the UN peacekeeping forces, and preventing acts of violence against them. The unanimity of the "contact group" on keeping and strengthening the UN Protection Forces was noted.

The session will continue the discussion of the difficult question of expanding NATO by admitting new members from among the countries of Eastern and Central Europe and strengthening NATO's cooperation with them and also with Russia within the framework of the "Partnership for Peace" program. NATO circles greeted with satisfaction the statement by Russian Foreign Min-

ister Andrey Kozyrev, which he confirmed last night after the "contact group" session, consenting to start up the mechanism for Russia's participation in that program on the basis of the documents which Russia had formerly not agreed to approve in December 1994.

Yeltsin: Russia Still Opposes NATO Expansion

LD3105112195 Moscow ITAR-TASS in English
1107 GMT 31 May 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] DMITROV May 31 (Itar-Tass) — Russian President Boris Yeltsin said Wednesday that the task of Foreign Minister Andrey Kozyrev in the Dutch city of Noordwijk was to announce Russian consent to join NATO Partnership for Peace plan, but stressed that Moscow remains in opposition to NATO plans of expansion eastwards.

"Today's task of Kozyrev is to announce that Russia has agreed to join the Partnership for Peace programme. But our position remains unchanged regarding NATO expansion", Yeltsin told reporters during a trip to the town of Dmitrov near Moscow.

On Wednesday in Noordwijk Russia and Nato approved a joint document which envisages the creation of mechanisms of mutual cooperation in the framework of the NATO Partnership for Peace programme and special relations between the alliance and Russia as a great European power.

Documents were adopted at a meeting of NATO foreign ministers and their Russian counterpart Andrey Kozyrev which was held before the opening of a regular session of the North Atlantic Cooperation Council.

NATO Expansion, PFP Accession Seen as Inevitable

MK3105093095 Moscow KOMMERSANT-DAILY
in Russian 31 May 95 p 1

[Report by Georgiy Bovt, Natalya Kalashnikova under the "Russian-NATO Relations" rubric: "A House on the Dunes' (Noordwijk Hotel, venue of NATO Council meeting) Is Preferable to Castles in the Air"]

[FBIS Translated Excerpt] [Passage omitted] What makes relations between Moscow and NATO so charming? First, both sides comment on them differently, giving outside observers food for thought. Second, the monopoly on leaks from "unidentified sources close to..." typical for certain elements of the Russian diplomatic service, has been successfully undermined by NATO revelations. This time around, too, when asked how he would react to Moscow's intention to set forth in prepared documents Russian objections to the process

of expanding NATO eastward, NATO Secretary General Willy Claes noted on the eve of the NATO Council session that there would be no changes. He added that Kozyrev, who refused to sign the documents last December, still said at the time that he had no complaints regarding the text. According to Claes, he did not receive any official requests from Moscow seeking to make such amendments. [passage omitted]

It has become clear that the December card, which Moscow tried to play, has been covered. There are no chances of seeing NATO concessions. Certain mass media have run an opinion (evidently on advice from the Foreign Ministry and the Kremlin) that Russia allegedly will not cooperate with an eastward-expanding NATO at all. But such an approach smacks of reckless adventurism: What else is to be done with a bloc that has come right up to the Russian borders — is Russia going to fight it? In addition, one should not, of course, discard Chechnya, which has nearly pushed Russia to the brink of diplomatic isolation, the still frozen (also because of Chechnya) crucial economic agreement with the EU, and the quiet death of the "Balladur pact," which was for some time seen in Moscow nearly as an alternative to the European security system. The plan to put the OSCE above NATO has fallen through (as if it could have succeeded!). So currently, signing is the sole reasonable move. Balking further at it so as to gain a "special status" within NATO would be something going beyond the bounds of rational politics. Still, all this could well have been foreseen last December. This time, before leaving for Noordwijk, Kozyrev limited himself to a statement asserting that Russia's attitude to NATO enlargement has not changed — "it does not serve either Russian national security interests nor the interests of European security. Moreover, an acceleration of decisionmaking on this problem may create a threat to the establishment of genuinely constructive relations with NATO." Having said that, he went away.

Defense Ministry Bests MFA on PFP Approach

*MK3105073095 Moscow SEGODNYA in Russian
31 May 95 p 1*

[Report by Pavel Felgengauer in the "Confrontation" column: "The Russian Defense Ministry Has Won Over the Ministry of Foreign Affairs. Russia Has Defined Its Position on NATO: Moscow's Participation in Partnership for Peace Will Be Conditional"]

[FBIS Translated Text] After long vacillations Moscow officialdom has finally defined its attitude to NATO and its possible expansion to the East. Andrey Kozyrev went to a North Atlantic Council session in Holland with clear-cut, officially approved, and rather tough guidelines on conducting negotiations with the West. Appar-

ently Kozyrev will seek to couch Moscow's official position in softer terms, "more constructive" and acceptable to the West. The time of improvisations, however, is past. As a high-ranking official at the Russian Defense Ministry told SEGODNYA's correspondent, "in the struggle against the time-serving policy of the Ministry of Foreign Affairs [MFA], our principled line has won. A set of measures have been approved that should prevent NATO expansion."

The Russian foreign minister should announce that Moscow is ready to join the Partnership for Peace [PFP] program, but that this "accession will be conditional on the NATO Council session's not deciding to expand the alliance." (Russia's participation in Partnership for Peace will be immediately suspended if new members begin to be admitted). Therefore the Russian Federation regards its cooperation with NATO as an alternative to expansion.

Moscow has officially recognized that NATO expansion is unacceptable in principle. Therefore Russia will evade any negotiations about a possible "compensation" in exchange for agreement to the admission of East European countries to the alliance. Moscow has also decided so far to refrain from formalizing "any relations with NATO," because this could be interpreted as tacit recognition of an inevitable expansion. Russia is interested in expanding cooperation with NATO countries on a bilateral basis, but not with the alliance itself, which is ready threateningly to approach its borders.

Reportedly the Russian leadership has fully rejected the Ministry of Foreign Affairs' policy of probing "compensation and guarantee options" on the part of the West in the event of NATO expansion to the East. Such as, for example, the obligation not to deploy nuclear weapons in peacetime or permanently position foreign troops on the territory of the newly admitted members (the "Norwegian option"). The Russian Defense Ministry believes that such "compensations and guarantees" will not compensate or guarantee anything in any event. If, say, the Polish army, Polish air bases, and other transport infrastructure facilities are fully prepared for joint actions with NATO forces, Western assault troops can be concentrated on the borders with Russia and Belarus within a few days of a corresponding decision being made in Brussels.

The Defense Ministry believes — and has managed to convince President Yeltsin — that if Moscow says a decisive "no" to NATO expansion, it will immediately have more allies in the West, especially among those professional military who in the majority regard the expansion idea as a reckless political adventure. Fur-

thermore, some countries of NATO's southern flank (Greece, Portugal, Spain, and so forth) even now, according to high-level sources, informally express "understanding" toward the position of the Russian Defense Ministry, and they will be able to block the decision to expand if Moscow takes a firm line. Therefore NATO expansion is not a foregone conclusion. Only after all political and diplomatic possibilities are exhausted will the Russian Federation Defense Ministry begin to take purely military measures to restrain NATO advance toward our borders.

Duma Defense Committee Chairman on NATO, PFP

*MK3105094095 Moscow KURANTY in Russian
31 May 95 p 3*

[Article by Sergey Yushenkov, Russian Federation Duma Defense Committee chairman: "It Is Better To Be a Partner Than an Enemy. A Few Words on NATO Expansion"]

[FBIS Translated Text] Some 40 years ago the Warsaw Pact (WP) was created, with the aim to protect socialist achievements, as a counterbalance to the aggressive NATO bloc. Among its advantageous features, official commentators mentioned its open character, whereas NATO's closeness was criticized. For several years now there has been no Warsaw Pact, and NATO is frightening us already not by its closeness, but the intention to become a union, open to anyone who wishes to join it, provided certain conditions are observed.

The post-Yalta world today is facing the dilemma: What should be the basis for the international security system — a balance of forces underpinned by confrontation of two blocs, or cooperation and integration of all security structures?

NATO expansion can serve both the purpose of restoring the habitual system of international relations and that of creating a fundamentally different model. Everything depends on what role will be prepared for Russia — which depends on Russia itself.

The prevailing opinion in official circles of this country is that NATO expansion runs counter to Russia's interests. Is this really so? Both yes and no.

Yes, because nationalistic forces are using this fact to whip up anti-Western hysteria, and reactionary-minded generals are profiting from this to procure additional funds for military needs. Naturally, the majority of agreements reached on the issues of disarmament and confidence-building measures will be denounced or not ratified. And all of us will return to a world of the habitual confrontation of the two systems. In my

opinion, these prospects are very gloomy and do not comply in the least with the strategic interests of Russia and the whole civilized world.

No, because NATO expansion alone does not mean anything. Moreover, expansion would weaken NATO. First, expansion would lead to difficulties in making concerted decisions, since this would require the consent of already not 16, but a greater number of participants; second, probably with the exception of only the Czech Republic, no state meets NATO's standards and is ready to sustain the burden of additional expenditures, which will be placed upon the present participants in the union; third, the majority of countries-candidates are characterized by a very high degree of uncertainty as regards their development, including the possibility of reestablishing totalitarian regimes in this or that form; and fourth, the problem of ratifying the adoption of new members to NATO by parliaments of all 16 country will arise.

Nevertheless, in my opinion, there is a way out in this situation. Russia needs to pursue a more active policy aimed at integration with NATO. First, it is necessary really to participate in the implementation of the Partnership for Peace [PFP] program; second, it is necessary to sign and to start implementation of the Russia-NATO program; and third, as V.I. Churkin proposes, Russia must join NATO as an associate member. After Russia's adoption by NATO as its associate member, one can start talking also about adopting other countries, without a great risk of bringing back the "Cold War" times.

Further on Bosnia Situation, Contact Group

Yeltsin Objects to Use of Force

*LD3105114095 Moscow ITAR-TASS in English
1118 GMT 31 May 95*

[By Andrey Shtorkh]

[FBIS Transcribed Text] DMITROV (Moscow Region) May 32 (Itar-Tass) — "Russia objects to the settlement of the conflict in former Yugoslavia by means of force," President Boris Yeltsin stated here today during his visit to the "Yakhromskiy" state farm in Moscow Region.

"We have always said: give us a chance to slightly ease the sanctions clamped down on Belgrade in order to help former Yugoslavia as a whole, and Serbia in particular," the head of the Russian state noted. "It is necessary to negotiate, to continue the work of the 'contact group' on the peaceful settlement of the conflict in former Yugoslavia."

"The hostages problem will not be resolved by the dispatch of 2,000 marines there," Yeltsin stressed.

"After all, the hostages have been scattered across a huge territory. They are being kept in storehouses and Sarajevo basements, and it is today impossible to find them all at once," he explained. The President recalled that Russia "has a battalion there and, if necessary, I particularly stress the words 'if necessary', it will, of course, join the effort — our soldiers will not have to be persuaded to carry out the operation. But we don't intend to specially send any additional contingent to reinforce the 'blue helmets'."

"We are conducting talks on the release of our twelve hostages. Two of them have already been set free," Yeltsin stated. "Ten are still there, but I hope they will be released shortly," he added.

NATO Reinforcements Opposed

LD3005191295 Moscow INTERFAX in English
1751 GMT 30 May 95

[FBIS Transcribed Text] MOSCOW, May 30 (Interfax) — A diplomat close to the Russian foreign minister said Russia on Monday "beat off" an attempt by its Contact Group partners to have U.N. peacekeepers in Bosnia reinforced by NATO troops.

At a meeting of Contact Group foreign ministers in The Hague, "Russia demanded that the (peacekeeping) operation be carried out solely by U.N. forces," the diplomat told Interfax. "Ultimately our position was accepted and the unity of the Contact Group, which stands for political methods of settlement, was preserved."

"The partners of the Russian Federation were tempted to give the Bosnian Serbs, who had taken U.N. peacekeepers hostage, their just deserts. But that could lead to deaths among 'blue helmets' and would bring the situation into an impasse," the diplomat said.

"The essence of a political settlement is suspension of sanctions against Belgrade in exchange for its recognition of Bosnia-Herzegovina," he said.

It is likely that "quite soon Belgrade and Sarajevo will start a direct dialogue and will begin to exchange territory," the diplomat said.

U.S. Attache Sends Letter for Grachev

MK3105122695 Moscow MOSKOVSKIY
KOMSOMOLETS in Russian 31 May 95 pp 1, 2

[Report by War and Peace Department: "Grachev Likes To Bomb. Can This Be Paranoia?"]

[FBIS Translated Excerpt] It all started with NATO air strikes, which the Bosnian Serbs heartily dislike. The Serbs have adopted the most natural line of conduct: So as to stave off similar bombardments in the future, they

seized peacekeepers and chained them to their strategic facilities; among them there are 21 Russian citizens, who so far have not been used to cover facilities, however — they are just being "held." [passage omitted]

The next day Russian diplomats at UN headquarters were fuming at the fact that Russia had not been notified of the air strikes in advance.

The UN headquarters apparently was quietly wondering at those Russians, because precisely this time Russia had been notified. True, the diplomats appear to have known nothing about it, because the "notice" was sent to the Defense Ministry, not the Foreign Ministry.

The editorial board has a copy of a telegram sent by Gary M. Rubus, representative of the U.S. Department of Defense, to Rear Admiral A.D. Negreyev, chief of the Foreign Relations Directorate, Moscow, 25 May. The telegram is, of course, in English, but we publish it as translated into our native Russian.

Dear Rear Admiral Negreyev,

Defense Secretary Perry requests that the following information be urgently sent to Defense Minister Grachev:

We are aware of the fact that General Smith, commander of the UN Peacekeeping Forces, made two demands to those who are fighting in the Sarajevo environs.

First, both sides are to stop heavy gunfire.

Second, they must return heavy guns to the corresponding UN depots.

Gen. Smith informed all of the forces fighting on both sides in the Sarajevo environs about these demands.

NATO forces were instructed to inflict an air strike on any side that does not fulfill Gen. Smith's demands today, 25 May, before 1200 local time.

Defense Secretary Perry asks Defense Minister Grachev and the Russian Government to use the strongest arguments possible to persuade both sides to fulfill the demands by the UN Protection Forces commander.

Gary M. Rubus,

U.S. Armed Forces brigadier general, representative of the U.S. Department of Defense. [end telegram]

Therefore, precisely Grachev was fully informed. It is just unclear why he did not do anything in that regard. After all, the Serbs represent the party to the conflict that we have been backing with mixed results. At any rate, if Russia is to "stay" in the Balkans and retain its

influence there, it has no one else to back there except the Serbs. All the rest have already been successfully propped up: Croatia, by Germany; the Muslims, by the United States; France is simply trading with everyone without exception, making a fast buck from the war; we, for our part, could have a decent position in the Balkans by throwing our weight behind the Serbs.

Evidently, in this situation Grachev proceeded from "higher" considerations. Or he came under the magic spell of the formula set forth in the telegram: "Turn in the weapons, or else we will bomb you." In Grachev's view, this is a demand that is unquestionably fair in any situation, regardless of such foolish things as Russia's geopolitical interests.

What can be sweeter than to bomb the dissenters?

Be that as it may, by ignoring a notice about the upcoming air strikes Minister Grachev has skillfully dealt with everybody at one stroke. He set up our "Balkan stronghold" — the Bosnian Serbs — by letting others bomb them. He set up our peacekeepers by not even warning them of the danger of being taken hostage. The third "affected" party is our diplomats, who have found themselves in the foolish position of being state representatives who do not know what is going on in their own state.

It is anyone's guess how all this can be straightened out.

Well, we will somehow manage to sort out our problems between ourselves. Kozyrev will yet another time swallow yet another "setup." The detained peacekeepers will be returned for the sake of our ancient friendship, or we will buy them out. It is said this will not cost us much — as a rule they charge 1.5 boxes of cartridges per man.

But as for our "last stronghold" in the Balkans, it appears to have already definitely given us up as hopeless. According to reports from informed sources, the trip by Kozyrev and Grachev to the Serbs, which Chernomyrdin announced 27 May, did not take place because all the top officials refused to receive the visitors, citing extremely busy schedules. Milosevic was actually busy — he is discussing a U.S. settlement plan with the Americans under which the recognition of Bosnia is to be swapped for the lifting of sanctions. The Serbs have in the end preferred to do business with the Americans because they at least know for certain what they want and do not change their stance depending on the defense minister's mood.

On the whole, the Balkans are drifting away, cheerfully waving us goodbye. And we will be left with our defense minister, in anticipation of yet more heroic

deeds in his indefatigable struggle for the triumph of Russian geopolitical interests.

Rotation of Unit in Krajina Under Way

MM3105122095 Moscow KRASNAYA ZVEZDA
in Russian 31 May 95 p 3

[Report by Aleksandr Oliynik: "Rotation of Our 'Blue Helmets' Proceeding in Blockade Conditions"]

[FBIS Translated Text] The 1st Russian UN Battalion, stationed near Klisa in the self-proclaimed Republic of Serb Krajina, is now a hive of activity — members of the personnel who have served their set term with the UN forces are being replaced. The rotation, which began 27 May, will last through 2 June. During this period, military transport aircraft will bring more than 500 contract soldiers and paratroop officers from Ryazan to Belgrade. They will continue the peacekeeping mission in Sector "East."

It is well known that the situation here was sharply exacerbated following the May Day "blitzkrieg" by the Croats who captured Western Slavonia which is under UN protection. Despite this, the Russian battalion of "blue helmets" under the command of Colonel Aleksandr Nizhegorodov continued its difficult service at more than 40 observation and monitoring posts in the so-called buffer zone. Many of our posts are now blockaded by the warring sides — Serbs and Croats.

The situation is most complex in the zone assigned to the 2d Company commanded by Captain Oleg Manuylo, whose headquarters are in the settlement of Tordinci. The UN observation posts here are just a grenade's throw away from the Croats' forward positions. The latter have sharply stepped up their activity and daily violate the cease-fire.

U.S. Seen 'Pushing' Europeans Into Bosnia Clash

MM3105112395 Moscow PRAVDA in Russian
31 May 95 p 7

[Report by V. Peresada under the general headline "Bosnian Tragedy"]

[FBIS Translated Text] Brussels, 30 May — The West's reaction to the Bosnian Serbs' intensification of retaliatory measures because of NATO air strikes on their positions has turned out to be only partly what could have been expected.

On the one hand, citing the fact that Serb formations had taken hostage another group of servicemen belonging to UN forces in Bosnia, NATO's leading countries have undertaken a new show of force.

These Western measures are accompanied by demands to release the hostages immediately and statements about "the need to strengthen UN forces so that they can ensure their own security and fulfill their mission." This, in particular, was the demarche adopted by EU foreign ministers who met for a conference in Brussels yesterday.

Meanwhile, parallel diplomatic efforts are being made, on which the West is apparently relying as having a more realistic chance of untangling what Belgian newspapers call the "increasingly unpleasant" hostage situation. A sign of this was the urgent session in The Hague of the Bosnia Contact Group (representatives of the United States, Germany, Russia, France, and Britain). While noting that between them these powers could find a constructive solution, local observers believe that the West, which has again presented Russia with the fait accompli of repressive NATO action against the Serbs, will on this occasion evidently find it more difficult than before to do without Moscow's mediation.

What counts in favor of the prevailing hopes pinned on diplomacy is that, apart from the show of force, the West is betraying some uncertainty and a lack of coordination. Thus, in the lobbies of the ministerial conference in Brussels the ill-considered nature of the latest NATO air strike was being noted from the viewpoint of the "likely consequences." This is a new sign of the West Europeans' growing dissatisfaction over the fact that there are no U.S. soldiers among the UN forces in Bosnia, whereas the United States is the most fervent supporter of putting military pressure on the Serbs. Brussels radio believes that it is doubtful whether the U.S. marines who have now been sent to the conflict zone will participate in the ground operations needed to protect the "Blue Helmets."

West Europe could be drawn well and truly into the hostilities in Bosnia. Do the people here want that? The fact that the EU foreign ministers' statement contains only a "warning" to the Bosnian Serbs and not threats against them looks like a hint at a preference for a political solution. But the experience of many crises has taught us that politics often recedes into the background wherever military preparations are being made simultaneously. Especially as in this situation West Europe's partner across the ocean is obviously not averse to pushing it toward this.

Article Envisions NATO Losing Balkan War

MK3105074095 Moscow MOSKOVSKIYE NOVOSTI in Russian

No. 38, 28 May-4 Jun 95 (Signed to Press 30 May) p 5

[Report by Dmitriy Sabov, MOSKOVSKIYE NOVOSTI deputy editor-in-chief, under the "In the World" rubric: "Russia Between NATO and the Serbs"]

[FBIS Translated Excerpt] The meaning of what is going on in Bosnia these days boils down to a simple fact: Without losing a single soldier, NATO appears to be suffering the first defeat in its history. [passage omitted]

The new situation has presented the world community with questions that can no longer be dodged. What is the use of keeping the "blue helmets" in Bosnia any further if they are unable to stop the conflict from spreading or even to defend themselves? Is the international community ready to send to Bosnia about 700,000 soldiers (by NATO military experts' estimates, this is approximately how many men will be required to liberate territories occupied by the Serbs) or at least 55,000 (this strength is required to evacuate UN servicemen who are currently deployed in Bosnia)? Finally, what is to be done with the former Yugoslavia next? If the policy of setting up "safe havens" and "humanitarian corridors," which make it possible to deliver necessary goods to the population in surrounded enclaves, falls through, this will mean that the idea of "making war more humane without joining it" is Utopian and that it is time to forswear neutrality. Are Europe, Russia, and the world ready to do so? [passage omitted]

Possible scenarios of the goings-on do not promise an end to the conflict any time soon. A departure of the peacekeepers from Bosnia risks discrediting NATO and creating a serious threat to European security on a continent that has every reason to be fearful of the spread of the conflict and the influx of refugees. The alliance's involvement in military operations on the ground is fraught with unpredictable casualties and serious domestic complications for the politicians who would venture to send their soldiers to the former Yugoslavia. The lifting of the embargo on arms deliveries to the Muslims, which would enable them to regain by force the territories they have lost to the Serbs — an option widely discussed in the United States — is also a two-edged sword. In this case, Belgrade's Balkan neighbors and Russia will have grounds to raise the question of lifting the sanctions from Serbia and Montenegro unilaterally. Finally, an option of reinforcing the "blue helmets" in Bosnia while keeping the "contest of peace initiatives"

open, to which the world community appears to be leaning, simply does not solve anything: It will leave for tomorrow the questions that were raised the day before yesterday.

The current round of the crisis in Yugoslavia has seriously embarrassed the Russian political elite, which has become hostage to its own geopolitical game in the Balkans. Presently it has nothing to say to the Serbs, while any further steps to enhance relations with NATO — after Russian officers were taken hostage because of the alliance's actions, of which Russia was not notified once again — will be fraught with domestic political complications. No doubt, this is what Radovan Karadzic was counting on when he decided to bet it all on the eve of the signing of documents regulating the Russian Federation's cooperation with the alliance within the framework of "Partnership for Peace," while constantly stressing that the Bosnian Serbs would prefer to see precisely Russian diplomats as mediators in their talks with the United Nations and NATO. Alas, this is hardly a sign of their influence. Rather, the other way around: Russia has earned a reputation of a country which is remembered at times of crises, but whose advice is ignored during the preparation of steps that cause these crises.

Failing to discover and defend its interests in the Balkans, Russian diplomacy risks suffering a serious defeat in the "contest of peace initiatives" in the Balkans. Evidently, now is finally the time to remember that, unlike other peacekeepers, Russia is probably setting a precedent for itself in the former Yugoslavia, not just for third countries.

Foreign Ministry Hosts News Conference

Karasin on Contact Group Meeting

LD3005170495 Moscow INTERFAX in English
1557 GMT 30 May 95

[FBIS Transcribed Text] MOSCOW, May 30 (Interfax) — Russia's efforts in the settlement of conflict in Bosnia-Herzegovina are designed "to ensure the peacekeepers' safety rather than to pull them out," an official spokesman for the Russian Foreign Ministry, Grigory Karasin, told a briefing in Moscow Tuesday.

According to Karasin, Moscow is firmly convinced of the "inefficiency of power methods."

Karasin supported "more coordination" in the actions of the Contact Group for Bosnia. "This understanding was achieved at a meeting of the foreign ministers of the Contact Group countries in the Hague Monday," he said.

According to Karasin, the capture of hostages by Bosnian Serbs resulted in "considerable rapprochement in the positions of the Contact Group members."

Posuvalyuk's Mideast Tour Assessed

LD3005172695 Moscow ITAR-TASS in English
1712 GMT 30 May 95

[By Aleksandr Zhudro]

[FBIS Transcribed Text] MOSCOW, May 30 (Itar-Tass) — The main aim of the trip of Russian deputy Foreign Minister Viktor Posuvalyuk to the Middle East countries, which ended on Monday, was to further promote the advance of the regional peace process in all its directions and working out of mechanisms for the interaction of Moscow with participants in the settlement, Russian Foreign Ministry spokesman Grigoriy Karasin said here today.

The Russian diplomatic emissary visited Israel, Jordan, Lebanon and Syria, as well as the region of the Palestinian autonomy — sector Gaza.

According to Karasin, the priority attention was paid to the Palestinian-Israeli direction of the settlement and the present state of affairs in Syrian-Israeli contacts, "the skidding delay of which was seriously worrying the Russian co-sponsor as a factor hindering the progress in the Madrid process as a whole".

At a meeting with Yasir 'Arafat, Chairman of the Palestine Liberation Organisation, both sides discussed in particular some specific issues of Russia's assistance in the development of Palestinian autonomy and the implementation of provisions of the Palestinian-Israeli agreements. 'Arafat handed over a message to Russian President Boris Yeltsin.

The Israeli leaders noting difficulties in negotiations with Palestinians, nevertheless confirmed their serious intention to complete them as soon as possible with the aim of holding elections to the Palestinian Council.

Touching on the contacts in Damascus, Karasin noted that at the talks between Posuvalyuk and Syrian Vice-President 'Abd-al-Halim Khaddam and Foreign Minister Faruq al-Shar', the two sides "discussed in detail the issues connected with emerged positive advancement in the Syrian-Israeli sector of the settlement in the light of the recent agreement on the resumption of talks on security measures between these countries".

The Russian side noted that "the Russian co-sponsor invariably stood for full-blooded Syrian-Israeli talks for working out mutually acceptable, balanced and symmetrical peace agreements". The Russian emissary also expressed concrete considerations on possible compromise

decisions and confirmed Russia's readiness to promote their drawing up.

Foreign Ministers of Jordan and Lebanon informed in detail the high-ranking Russian diplomat of their attitude towards the peace process, especially in its Jordanian and Lebanese directions.

Karasin particularly stressed that Posuvalyuk's trip allowed all parties concerned to "consider in detail a package of issues on the further development of bilateral relations of Russia with Arab states and Israel".

Cited on Moscow's Korean Peace Efforts

*LD3005193895 Moscow INTERFAX in English
1622 GMT 30 May 95*

[From the "Diplomatic Panorama" feature: reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] MOSCOW, May 30 (Interfax) — Russia supports the search for ways to ease tensions on the Korean peninsula and to promote dialogue and a speedier settlement of the North Korea nuclear issue, an official spokesman for the Russian Foreign Ministry, Grigoriy Karasin, told a briefing in Moscow Tuesday.

Karasin said Russia had reiterated this position during the recent consultations in Seoul between Russian Deputy Foreign Minister Aleksandr Panov with the South Korean leadership.

According to Karasin, South Korea was "positive" about Russia's proposal to hold an international conference on the Korean peninsula.

Karasin noted that the Seoul consultations established that "over the short period of normalization of relations Russia and South Korea managed to create a solid basis for partnership."

Karasin said that bilateral trade in 1994 amounted to \$2 billion.

Fisheries Talks Held With Japan

*LD3005184095 Moscow INTERFAX in English
1702 GMT 30 May 95*

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, May 30 (Interfax) — The basic principles of a possible bilateral understanding were discussed in Moscow on May 29-30 at the second round of the Russian-Japanese talks on co-operation in the sphere of fisheries in the area of Southern Kurils, stated the Russian Foreign Ministry's official spokesman Grigoriy Karasin at a briefing in Moscow Tuesday.

He said that at the meeting "the Russian side were pursuing a policy of mutually useful and efficient understanding which would help to prevent poaching in the area of Southern Kurils, promote the traditional contacts between the two countries in the fishing industry and strengthen the legal basis for bilateral relations."

The diplomat said that the talks had passed "in a constructive, businesslike and sincere atmosphere, were characterized by the desire to achieve good results in the interests of the Russian-Japanese neighborliness".

Karasin on Ethnic Russians' Rights

*LD3005184295 Moscow INTERFAX in English
1703 GMT 30 May 95*

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, May 30 (Interfax) - The Russian Foreign Ministry has "so far failed to considerably improve the situation with ethnic Russians' rights in the CIS and the Baltic states," an official spokesman for the Russian Foreign Ministry, Grigoriy Karasin, told a briefing in Moscow Tuesday.

Karasin cited the conclusions of a recent Foreign Ministry collegium meeting on the issue.

Karasin noted that "the collegium meeting established that Russian consular offices in the CIS and the Baltic states were small and undermanned." It was decided to "step up the opening new consular missions and ensure their better manning."

Foreign Ministry Official on CIS Summit Results

*LD3005134995 Moscow ITAR-TASS in English
1342 GMT 30 May 95*

[By Vladimir Taranov]

[FBIS Transcribed Text] MOSCOW, May 30 (Itar-Tass) — Leonid Drachevskiy, director of the Russian foreign ministry department for affairs of the CIS, briefed journalists on the results of the last CIS summit held in Minsk last week. He said that participants discussed problems of the CIS activities, current affairs and fundamental problems of the CIS development, including the convention on human rights. As a result of profound discussions the text of the convention was improved so that it no longer arose doubt among participants. The Convention on Human rights was signed by seven CIS member states, except Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Ukraine.

The Russian diplomat noted that the Russian president had emphasised the importance of this problem and expressed hope that the countries which for some reason had failed to sign the convention would join it in future.

Another important problem on the agenda of the summit was a concept and an agreement on the protection of the borders of CIS member-states with other states not belonging to the CIS. This problem was discussed in Almaty on February 10, but the draft document on this problem was returned for amendment. Drachevskiy said that a great deal of work had been carried through since that time by foreign and defence ministers, border guard commanders. As a result, these documents were backed by seven countries and are open for other countries to join. Drachevskiy noted that among other important problems raised during the summit was problem of the Abkhazian settlement and the situation in Tajikistan. Resolutions were adopted on the continuation of the mission of peace-keeping forces in these regions and plans were made on peace settlement there.

Drachevskiy pointed out the importance of signing an agreement on the creation of an inter-state currency committee which would be set up as an organization supervising the functions of the payment union and expected to promote mutual payments.

Yeltsin Cited on Position on Black Sea Fleet

LD3105092395 Moscow ITAR-TASS World Service
in Russian 0703 GMT 31 May 95

[By ITAR-TASS correspondent Oleg Velichko]

[FBIS Translated Text] Dedovsk (Moscow Region), 31 May — Russian President Boris Yeltsin hopes that tangible results will be achieved in settling the situation surrounding the Black Sea Fleet at a forthcoming meeting with Ukrainian President Leonid Kuchma. During his visit to the Dedovsk ceramics plant, Boris Yeltsin said today that he is going "to Sochi on 8 June, where the final decision will be made together with Viktor Chernomyrdin and experts: how far we shall go in making concessions to Ukraine." At the same time he noted that this might not be necessary. It is already known that a meeting between the Russian and Ukrainian presidents is planned to take place in Sochi in the first half of June.

Boris Yeltsin said that at the forthcoming talks "Russia will insist on decisions made earlier: on a 50-50 split with the Russian section of the Black Sea Fleet having its base in Sevastopol." In line with agreements adopted earlier, Russia is ready to purchase 32 percent of the Ukrainian section of the Black Sea Fleet.

"This is our fundamental position," Boris Yeltsin said. "If Ukraine rejects it, that's it: money talks, as they say."

**Aide to President Yeltsin Comments on Issues
Position on Fleet Bases 'Unshakable'**

LD3005191695 Moscow INTERFAX in English
1751 GMT 30 May 95

[FBIS Transcribed Text] MOSCOW, May 30 (Interfax) — The success of the Russian-Ukrainian summit in Sochi on June 9 will depend on Ukraine's ability to accept Russian proposals on the Black Sea Fleet, Russian presidential aide on international affairs, Dmitriy Ryurikov, told journalists at the Interfax central premises in Moscow Tuesday.

Ryurikov emphasized that Russia's position "on the key issue of bases of the Black Sea Fleet remained unshakable."

"We believe that the Black Sea Fleet base must be in Sevastopol, and only this city must be the base of the Black Sea Fleet," Ryurikov said. "The joint use of Sevastopol by the two states' fleets is simply unrealistic," he added.

Ryurikov also noted that "if Russia's interests are met, the question then under consideration will surely be Yeltsin's visit to Ukraine."

However, Ryurikov declined to name exact dates of the visit. "There have been quite many questions about the date of the visit, and unfortunately, none of them has been put into practice. So we had better see how the Russian-Ukrainian presidential talks turn out," he remarked.

Ryurikov on Moscow's Fleet Proposals

LD3005200395 Moscow INTERFAX in English
1721 GMT 30 May 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] MOSCOW, May 30 (Interfax) — The success of the Russian-Ukrainian summit in Sochi on June 9 will depend on Ukraine's ability to accept Russian proposals on the Black Sea Fleet, Russian presidential aide on international affairs, Dmitriy Ryurikov, told journalists at the Interfax central premises in Moscow Tuesday.

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Cited on CIS Peacekeeping Work

*LD3005193295 Moscow INTERFAX in English
1751 GMT 30 May 95*

[FBIS Transcribed Text] MOSCOW, May 30 (Interfax) — Russia will continue peacekeeping in the CIS, because "there is simply no other way out," the Russian presidential aide on international affairs, Dmitriy Ryurikov, told journalists at Interfax's central premises in Moscow Tuesday. "I see no one else to play this part," he added.

Ryurikov emphasized that Russia acts as a peacekeeper in Tajikistan "not entirely alone." "There are military units of other CIS states there," he said.

Ryurikov admitted that peacekeeping brought "economic losses" to Russia. "However, it gives us humanitarian satisfaction to fulfill a mission that no one else is able to fulfill," he stressed.

According to Ryurikov, Russia "virtually prevented extremely serious and dangerous situations in areas of conflict that could have developed if we had not been there."

"It is quite a natural human desire to prevent the worst happening. If we are able to do it, we do it," Ryurikov said.

Iranian President Asserts Yeltsin To Visit

*LD3105110995 Moscow ITAR-TASS in English
1039 GMT 31 May 95*

[By Oleg Kuzmin]

[FBIS Transcribed Text] TEHRAN May 31 (Itar-Tass) — Iranian President 'Ali Akbar Hashemi-Rafsanjani confirmed reports on a coming visit to Tehran by Boris Yeltsin. However, he said that "the date of the visit is to be fixed".

The Iranian president stressed in an interview with a group of Russian journalists that he "does not see obstacles to boosting relations with Russia". "The two states can develop bilateral cooperation to limits to which they will wish," he noted.

Speaking of the agenda of the coming Iranian-Russian summit, the president said: "We shall discuss a lot of problems". They include questions of bilateral cooperation in the political, economic, cultural, social and scientific spheres, the situation in former Soviet republics, including Tajikistan and Nagorno-Karabakh, as well as problems concerning the Caspian Sea.

Iran and Russia hold close positions on several international issues. "Russia is a great Asian power and its attitude to the East is of great importance for us," Hashemi-Rafsanjani said.

Among other topics of the coming talks, the president singled out "cooperation and coordination of actions between Iran and Russia as two major oil and gas exporters" as well as military issues and the situation in Bosnia and Iraq.

Asked what brings closer and separates Iran and Russia, the president stressed: "The two nations are part of the East, and, therefore, there is much in common between them. Besides, both Iran and Russia are moving in a new direction, which creates similar living conditions for the two nations".

The main difference is that Iran pays more attention to the spiritual and religious sphere, while the Russian people were under the influence of Marxist materialist propaganda for nearly 80 years, Hashemi-Rafsanjani concluded.

Iran's Politico-Religious Power Structure Examined

*MM3105084995 Moscow IZVESTIYA in Russian
31 May 95 p 3*

[Report by Leonid Mlechin: "Heirs of the Great Ayatollah With a Prerevolutionary Track Record, Or Who Runs Iran"]

[FBIS Translated Text] Tehran and Moscow — In any office, public institution, store, or even tea room in Iran, the same photographic triptych is on the walls: color photos of the late Imam Khomeyni, his successor in the post of leader of the country (that is his official title) Ayatollah 'Ali Khamene'i, and President Hashemi-Rafsanjani.

The first two have black turbans and beards. The president has a white turban and a thin mustache. Sometimes the three portraits are placed in a single line. Sometimes the spiritual leaders are higher and the president lower. Sometimes the big three are placed as if on a pedestal of honor: Khomeyni at the top, Khamene'i a bit lower, and the president right at the bottom.

Fifteen years after the revolution, the Tehran nomenclatura still consists of people who took part in the rev-

olution and have a prerevolutionary track record in the anti-shah struggle. Here are the track records of the people we met with.

Mahluji, minister of mines and metals, took part in the anti-shah movement before the revolution.

Deputy Foreign Minister Mahmud Va'ezi, by profession an electronic engineer, studied in the United States before the revolution, and led the anti-shah students there.

Tehran Mayor Gholam Hoseyn Karbaschi was in prison before the revolution. The mayor, along with the parliament speaker, is seen as a likely candidate for the post of president.

Only pupils and comrades of Imam Khomeyni hold the top posts in Iran. This means first and foremost Leader Ayatollah 'Ali Khamene'i and President Hashemi-Rafsanjani. Under the shah, both of them were arrested, imprisoned, and exiled many times. After the revolution there were attempts to kill both of them.

Ayatollah Khamene'i was wounded by a bomb which, according to the official story, was placed by leftist groupings. Hashemi-Rafsanjani was shot. I asked the president how it happened.

"The criminal approached me supposedly carrying a letter, and suddenly fired. The bullet grazed my kidney and lung. These criminals have now taken refuge in Iraq, France, and the United States. The United States itself supports international terrorism, yet it accuses us of doing so."

The president has close-cropped hair. A grayish lock protrudes from beneath his turban. His face readily breaks into a smile, revealing a row of snow-white teeth.

"My father is a very gentle man," his daughter Fatima Hashemi told me.

Hashemi-Rafsanjani's residence is surrounded on all sides by trees; the noise of the city cannot be heard here, it is a little piece of paradise.

The president has a great deal of authority. It is thought that there is no other politician in Iran at the moment who could cope with the economic problems.

Leader of the country Ayatollah Khamene'i exercises general leadership and keeps an eye on the people's morals. He has all-powerful representatives in all the most important institutions of society. For instance, in the Army — rather like the chief of the Army and Navy Main Political Directorate [in former Soviet Union]. But he does not intervene in specific policy. That is the prerogative of Hashemi-Rafsanjani....

The number three in Tehran — Nateq-Nuri, speaker of the Majlis (parliament) — also belongs to the top clergy.

"Iran has the strongest parliament in the world," Nateq-Nuri told us, lovingly stroking his gray beard and smiling cheerfully.

The deputies do indeed have substantial rights, and woe betide the minister whom they criticize.

A candidate deputy passes through a fine sieve of checks — "it is necessary to make sure that he possesses all the qualities a deputy needs."

The check is carried out by the council for protection of the Constitution, which consists of 12 members. Half are theologians and half are Islamic lawyers. The council also checks that laws are in accordance with the Shari'at and the Constitution.

"Nobody has the right to disband our parliament. What is the use of a parliament that can be dismissed?" — the speaker said, glancing at the Russian journalists and grinning triumphantly, having proved the advantages of Islamic parliamentarianism.

The fourth most important post in Tehran is held by Ayatollah Mohammad Yazdi, a pupil of Khomeyni, who heads the entire judiciary of Iran, that is to say, he is in charge of ensuring that the judges are guided by Islamic law. The ayatollah has a gloomy, sharp-nosed face.

Does Tehran intend to repeal the death sentence on the writer Salman Rushdie?

"The sentence remains in force," the ayatollah replied. "The sentence on Salman Rushdie was not passed by a court. It was a fatwa (ruling) of Imam Khomeyni, and is binding on Muslims throughout the world. The Iranian court does not have the right to repeal the imam's fatwa."

How do things stand as regards crime in Iran?

"I can be proud of the situation. Very few crimes are committed here. The Interior Ministry has sent me a report on the crime situation over the past two months. I see that compared with the same period last year the number of infringements of the law has fallen still further," the ayatollah said.

But he refused to give the figures. Yazdi also explained that the most dangerous criminals are those who are linked to the drugs mafia:

"We have already arrested the majority of them. And there are very few criminals in other matters. Moreover, we punish things that are not considered crimes in other countries: alcoholism, extramarital sexual relations."

There are public executions in Iran. Why?

"At the request of the local population — people want to see for themselves that the miscreant is punished."

Imam Khomeyni justified such severity: "Should this be called cruelty?... Whatever demoralizes the people must be pulled up by the roots, as weeds are uprooted from the fields.... The Prophet himself carried out these laws: He cut off the hands of thieves and stoned people.... Islamic law is progressive, perfect, and universal."

The Islamic clergy, tempted by power, has succeeded in taking full control of the country into its own hands. Does politics not distract the mullah from the service of God?

"For us, politics is a part of religious activity," the parliament speaker explained to me. "If we permit the separation of religion from politics, God will punish us. We dreamed so much of creating an Islamic state, and finally it came true."

Every student, whether he intends to be a veterinarian, an engineer, or an astronomer, has to study the foundations of Islam, the ethics of Islam, and the history of Islam at university.

But this is what surprised me: Foreigners permanently resident in Iran claim that the mosques are deserted. Formerly the clergy was in opposition to the authorities and people's sympathies were with the mullahs. Now the clergy is the authority, and people transfer to the mullahs their dissatisfaction with life, thinking that since the revolution only the mullahs themselves have grown rich.

Is Tehran's policy changing in the direction of greater pragmatism?

Leader of the Islamic Revolution Ayatollah Khamene'i:

"Our people respect and love their revolution."

Hoseyn Shari'atmadari, head of the major newspaper and journal association "KEYHAN":

"It is just that you are looking at Iran through different eyes now. We are still the same."

Half of Iran's intelligentsia are clergy. They are satisfied with the authorities. The rest of the intelligentsia differ in their opinions. There are disputes about Iran's future path. This dispute is masked behind the permissible debate on how to interpret this or that utterance of Khomeyni's.

On the one hand, more and more new newspapers are appearing which criticize the government within certain limits. On the other, two months ago the sale and

installation of satellite antennas was banned. "Satellite television is the servant of the Western devil."

But while the mullahs preach against the influence of Western culture, their children go abroad to the West — to study or to go on vacation. Participation in an anti-American rally does not stop someone from later enjoying a new video of an American movie smuggled into Iran.

Yerin, PRC Minister Discuss Drug, Arms Smuggling

LD3005183695 Moscow *ITAR-TASS World Service* in Russian 1334 GMT 30 May 95

[By *ITAR-TASS* correspondents Grigoriy Arslanov and Pavel Spirin]

[*FBIS Translated Text*] Beijing, 30 May (*ITAR-TASS*) — Drug smuggling, the secret transportation of weapons, and the migration of criminal elements across the Russian-Chinese border were discussed in Beijing today at talks held by Russian Federation Interior Minister Viktor Yerin and Tao Siju, PRC minister of public security.

Commenting at the request of the *ITAR-TASS* correspondent on the crime situation at a regional level, Viktor Yerin said: "I would not be inclined to dramatize it. There can be no talk of 'the criminal expansion of the Chinese' in the Russian Far East." He said that most of the offenses committed by PRC citizens are against businessmen from their own country.

There are 15 Chinese currently held in Russian prisons for violating laws on the territory of the Russian Federation because there is no agreement between the two countries on the handover of criminals.

Four Russians are serving their sentences in Chinese prisons, according to information at the disposal of *ITAR-TASS*.

It was stated at the talks that there is a need for opinions to be exchanged on the fight against the criminal world and for closer coordination of efforts between Russia and China, particularly against crimes of "a transnational nature". Viktor Yerin and Tao Siju also noted the importance of cooperation in the sphere of manufacturing and using special machinery and police equipment and in the training of staff.

"The visit and the talks with the Russian minister in Beijing will help cooperation to be strengthened between the PRC Ministry of Public Security and the Russian Federation Ministry of Internal Affairs," Luo Gan, member and secretary-general of the State Council, stated at a meeting with Viktor Yerin on the same day.

Davydov Meets With Finnish Prime Minister

LD3005182595 Moscow *ITAR-TASS World Service*
in Russian 1210 GMT 30 May 95

[By *ITAR-TASS* correspondent Vladimir Mostovets]

[FBIS Translated Text] Helsinki, 30 May — The Finnish government regards the development of cooperation with Russia as its priority task and hopes that trade and economic relations between the two neighboring countries will reach an even higher level. That was said today by Paavo Lipponen, Finland's prime minister, at his meeting with Oleg Davydov, deputy chairman of the Russian Federation government and minister of foreign economic relations, who is now in Helsinki on a working visit.

They discussed the present state and prospects of Russian-Finnish trade relations. Davydov advised the prime minister of the economic and political situation in Russia and the progress of Russian reforms.

Article Discusses Havel Letter to Yeltsin

MM3105111495 Moscow *ROSSIYSKAYA GAZETA*
in Russian 30 May 95 First Edition p 7

[Article by Vladimir Kostin: "It Looks As Though Havel Was Let Down"]

[FBIS Translated Text] Last week the attention of the Russian and foreign mass media was attracted by the message from Czech Republic President V. Havel to Russian President B. Yeltsin expressing regret that servicemen who had fought in Chechnya took part in the 9 May Red Square parade. In concluding the message the Czech head of state urged the Russian leadership to promote the immediate cessation of fighting in Chechnya.

It is entirely natural that V. Havel, whose democratic convictions no one doubts, should dislike the bloodshed in Chechnya. His desire to put an end to the fighting as rapidly as possible is also understandable. This approach can only be welcomed, and the Russian leadership is already taking specific steps for a peaceful settlement of the situation in Chechnya.

It would be logical if the Czech side were to wait for an official reply after which the "conflict" would in all likelihood be exhausted. In real life everything has turned out differently.

Without waiting for a reply to the message, individual Czech political figures and mass media have launched a noisy anti-Russian campaign.

Yet this is a storm in a teacup. According to the statement of representatives of the Russian Defense Ministry and Ministry of Internal Affairs, servicemen

from subunits which had fought on Chechnya's territory did not take part in the Red Square parade marking the 50th anniversary of the victory. It looks as though the Czech president has simply been "set up" by his own advisers without properly investigating the situation.

Perhaps it would not be worth focusing attention on this incident were it not that we can discern behind it more serious problems affecting the entire complex of Russian-Czech relations. Thus the Czech parliament has still not ratified the treaty on friendly relations and cooperation signed in August 1993 and ratified by the Russian Federation Federal Assembly in July 1994.

Nor is the state of mutual trade gratifying. In 1992 commodity turnover between our countries was \$2.2 billion while in 1993 it was \$1.8 billion and in 1994 it was \$1.8 billion.

In all likelihood this situation suits the Czech side and it is making no special effort to make amendments to it. Since 1993, when the Czech republic became an independent state, about 10 interstate agreements have been concluded between our countries while over 40 such agreements have been concluded with Slovakia, which used to belong to the single Czechoslovak state.

The different approaches of the Czech and Slovak sides toward the development of relations with Russia was also manifested during the May celebrations in Moscow. While V. Meciar met once more with V. Chornomyrdin and several leaders of Russian ministries and departments, Czech President V. Havel limited himself to meetings with S. Kovalev and L. Bogoraz.

By an irony of fate Russia's relations with the Czech Republic and Slovakia reflect the two opposite trends manifested today in the former "fraternal countries."

The East European countries' political and business circles have recently been concluding that a one-sided orientation toward the West and the disruption of mutually advantageous forms of cooperation developed over the years were a mistake. Proceeding from that premise these circles believe that at the present stage they should deideologize relations between states, restore mutually advantageous relations on a new basis with a consideration for the changes which have taken place in East Europe, and put a solid legal base beneath them. Russia's relations with Hungary, Bulgaria, and Slovakia have been developing in that direction recently.

At the same time there is another trend. Some East European politicians believe that only their countries' close link to the West is a guarantee of stable democratic development. In practice this approach is manifested in attempts to politicize relations with Russia, to revive grievances and mistakes of the past, and to preserve

relations with Moscow at a level which does not accord with existing opportunities. This trend is occurring in the political practice of Poland and the Czech Republic. Whereas for Bulgarian Premier Z. Videnov relations with Russia should always have a "supraparty nature," individual high-ranking Czech politicians, having in mind relations with Russia, have retreated irreversibly into the past and now we can speak only of business relations.

They say that you cannot be kind by force. Russia will survive somehow without cooperation with the Czech Republic just as the Czech Republic will survive without cooperation with Russia, but will that benefit our countries' peoples?

Political Issues

Yeltsin Advises Workers To Make Own Choices in Elections

LD3105091695 Moscow ITAR-TASS World Service
in Russian 0831 GMT 31 May 95

[By ITAR-TASS correspondent Oleg Velichko]

[FBIS Translated Excerpt] Dedovsk (Moscow Region), 31 May — Russian President Boris Yeltsin visited the ceramics works in Dedovsk, near Moscow, today.

This factory was not chosen by chance. Talking to the ITAR-TASS correspondent, Yefim Basin, Russian Federation minister of construction, said that the factory was "a model of the way the 'Housing' program, which was endorsed by the president and Government of Russia in 1993, is being put into practice." "The factory will enable us to cut by half the amount of wall and floor tiles we import," he stressed. [passage omitted]

Talking to the president, many employees at the works asked his advice on which electoral bloc to vote for in the forthcoming elections to the State Duma. Boris Yeltsin advised them to make their own choice independently.

Asked why only 600 sq.m. of land is currently being allocated for personal use, the president replied that he believed it necessary to give up having such strict limits. "If a person is prepared to cope with 1,000 or 1,500 sq.m. of land, he has to be allocated that," he said.

Yeltsin Increases Court Officials' Salaries

LD3105101995 Moscow ITAR-TASS in English
1003 GMT 31 May 95

[FBIS Transcribed Text] MOSCOW, May 32 (ITAR-TASS) — Russian President Boris Yeltsin has signed a decree "On Additional Security Guarantees to Court Officials". Its text was forwarded to ITAR-TASS by the presidential press service. The decree allows the Chairmen of the Russian Supreme Court and the Supreme Court of Arbitration to increase by 50 per cent the wages of their judges for the complexity and difficulty of their work, for notable achievements in their endeavours, and for their special working regime.

The wages of the personnels of the Supreme Courts are to be brought in line with those of corresponding categories of officials of the apparatuses of the two houses of the Russian parliament. They will be effective as of March 1, 1995.

Further Cuts in State Apparatus Being Prepared

LD3005143895 Moscow INTERFAX in English
1301 GMT 30 May 95

[FBIS Transcribed Text] MOSCOW, May 30 (INTERFAX) — The control department of the presidential staff and the Russian government at President Yeltsin's request is working on proposals for making cutbacks in government staff, the president's Chief of Staff Sergey Filatov has said.

He said that the reduction would foremost affect civil-service personnel in the regions. The staff of local offices in 1994 increased by 23% last year alone, and over the past few years, by 50%-100%, Filatov said. That is too much, he remarked.

Asked about the intention of the Federation Council's staff to increase its costs from the authorized 76 billion rubles to 285 billion, Filatov said that all bodies of power are restricted by the spending authorized in the budget.

Filatov recalled that the presidential staff had slashed its costs and reduced personnel by 400.

The government's staff has said that the central executive bodies (government, its staff, ministries, agencies and committees) totals 33,000. Thirty seven federal bodies of power locally employ 440,000 office workers, and local bodies of power, about 550,000.

Zaveryukha, Rybkin Come Under Fire at Agrarian Plenum

MM3005120095 Moscow SOVETSKAYA ROSSIYA
in Russian 30 May 95 p 4

[Report by Yu. Nikolayev: "Plenum of Agrarian Party Council"]

[FBIS Translated Text] The creation of a government of the people's trust and the adoption of urgent measures to improve the position of low-income strata of the population — those two key demands were the first ones mentioned by M.I. Lapshin, chairman of the Agrarian Party of Russia [APR], in his report to a plenum of the APR Council. The plenum examined the blueprint for the election platform of the "Agrarian Party of Russia" electoral association and discussed the course of preparations for the parliamentary and presidential elections. Naturally, the participants' attention focused on questions of the party's strategy and tactics in the emerging election campaign. The participants in the debate shared experience and made proposals on ways of improving the effectiveness of party organizations' work at local level and winning over rural and urban voters.

But very worrying notes were also struck, especially in speeches from the floor. For instance, A.S. Ruchkin, leader of the Vologda Oblast organization, told with concern how, since the creation of the "party of power," all other forces, especially those with a patriotic orientation, have begun to be squeezed out of political life. Other plenum participants also spoke of abuse of the system and attempts to get control of all the mass news media in the course of the creation of the "Russia Is Our Home" election bloc. There were also serious complaints about a number of APR leaders.

Vice Premier A.Kh. Zaveryukha and Agriculture Minister A.G. Nazarchuk are members of the board of the APR Central Council. Yet are they not taking part in establishing Chernomyrdin's bloc of "advocates of stability"? This question hovered in the corridors at the plenum. It was also voiced from the platform. Zaveryukha and Nazarchuk were asked why, when they have real power, they did not behave like Premier Chernomyrdin and, say, assemble the leaders of agricultural organs and activists from the regions and everybody who cares about the interests of the Russian peasantry in order to involve them in the activity of the "Agrarian Party of Russia" electoral association. The plenum participants received no explanations in this regard.

Virtually all the speakers from the regions expressed perplexity at the behavior of another APR leader — State Duma speaker I.P. Rybkin. V.A. Fominykh, leader of the Altay Kray APR organization, directly demanded an explanation of Rybkin's position. He recalled that it was the APR that got Ivan Petrovich into the State Duma, and this fact imposes on him certain obligations toward the party. Naturally, the speaker received no reply. So then he turned to the audience and said bitterly:

"Let's just consider whether we are nurturing a snake within our bosom, or later on we will say that we have no idea where the bite came from...."

APR Board Member I.P. Rybkin himself did not take part in the Central Council Plenum, as with other party events recently....

Agrarian Party's Lapshin on Election Program

MM3005125795 Moscow PRAVDA in Russian
30 May 95 pp 1-2

[Interview with Mikhail Lapshin, chairman of the Agrarian Party of Russia, by Aleksandr Golovenko, under the "Through the Eyes of a Political Leader" rubric; place and date not given: "Mikhail Lapshin: The Thief and

the Victim Cannot Be Reconciled" — first paragraph is introduction]

[FBIS Translated Text] A plenum of the Agrarian Party of Russia [APR] Central Council, held in Moscow on Friday, approved its draft election platform. And on Saturday the House of the Unions Hall of Columns received the party's young rural activists. Our correspondent asked APR Chairman Mikhail Lapshin to sum up this initial stage of the election campaign.

[Lapshin] As you know, our party's main task is, together with its allies, to win power by peaceful means. Success at the future parliamentary elections would be a most important step toward this goal. We must not lose, because defeat holds, for the peasantry, the prospect not only of departing from Russia's political arena, but of disappearing as a class. Even today they are regarded as a tiresome obstacle by those who are dragging the country into the quagmire of food dependence on sops from the West and condemning the peoples to die out.

The plenum participants supported the creation of the "Agrarian Party of Russia" electoral association, including, in addition to our party, the Agrarian Union and the agro-industry complex workers trade union. Rural co-operative members, Cossacks, foresters, fishermen, water resources people, and agricultural machine building workers will join us. As for allies, of whom there is no shortage, that is a subject for a separate conversation. We are open to all honest people.

[Golovenko] What are your slogans for the elections?

[Lapshin] In our election platform we openly reject the present ruinous "reforms," including the agrarian reforms. We demand the ending of the frantic course toward the market, and we believe that only the rebirth of the countryside can save Russia, since it will reanimate the agro-industrial complex and, in a chain reaction, all the sectors of industrial production. We are against the voucherization of land parcels and the emergence of big private landowners — rentiers; against the restoration of land to its former owners (that "black repartition" would lead to an explosion) and the sale of land to foreigners.

[Golovenko] The notorious Mr. Chubays, now with the rank of first vice premier, is demanding that foreigners be granted the right to buy the land of enterprises in which they supposedly intend to invest....

[Lapshin] Is he alone? All those "citizens of the Universe" who regard Russia as their temporary home are demanding the sale of land. We are against private ownership of agricultural land and land in cities. Of course, we are not talking about the six-hundredths of a hectare that you own, use, and hand down to your heirs.

Because of legal confusion, procrastination over adopting the Land Code, and even outright sabotage, land chaos prevails in Russia. This, in my view, is one reason for the death, at the hand of a hired killer, of our comrade Sergey Alekseyevich Kushnarev, leader of the "Zarechye" Sovkhoz in the Moscow region....

[Golovenko] Mikhail Ivanovich, some newspapers call you a very experienced and successful parliamentary lobbyist who has managed to push through a great many decisions in favor of the Agrarians. In some votes, in particular on the budget, your stance differed from that of the CPRF [Communist Party of the Russian Federation] faction. [Lapshin] Despite the fact that the APR has already made itself known as a fairly influential and autonomous force, some people constantly want to play the "rural" card. I say again: We do not intend to run in harness with anyone. In votes or in the drafting of various laws, our faction proceeds primarily on the basis of the party's program goals. And on the basis of the simple fact that there is no one but us to uphold the peasantry's interests in the Duma.

True, it took us three months to seek allies to approve the largest possible figure in the budget in March — 13.3 trillion rubles. That was over twice the sum graciously offered to the countryside by the government. When I pressed the button [to vote], I saw before me the rich Russian fields that could remain unsown because of the peasants' lack of machinery and fuel. On the basis of the support of the All-Russia Peasants Assembly of 5 April (you remember, we demanded premier Chernomyrdin's attendance, and he came!), we were able to secure the government's consent to the adoption of a law on allocating the rural workers' debts to the domestic debt. This draft law was adopted by the State Duma under the influence of our faction. You see: We act in the interests of those who feed the country, who, despite depressed prices, are still fulfilling their age-old duty.

[Golovenko] In the elections you will be up against the well-known bloc that has already been dubbed by the people "Gazprom Is Our Home." How do you assess your future rival?

[Lapshin] The people will assess them. By a will imposed from above, a formation of a totally new type has entered the political arena — the party of power, of the ruling nomenklatura, the party of fat-cat bureaucracy. Those who disbanded the CPSU and were only yesterday proclaiming the principles of depoliticization and deideologization of state service are today exposing themselves fully in the eyes of society as power-hungry, ambitious people who do not want to be removed from their fat feeding-trough.

They try to instill in us, the "unenlightened," the idea that any strengthening of the "party of power" will be the guarantee of stability and the still more successful implementation of the "reforms" (what do they mean, "more" successful?), of which the "reformers" themselves have only a very hazy idea.

[Golovenko] Passions are being surreptitiously whipped up about the threat of the "onslaught of fascism and extremism," and a corresponding edict has already been pushed through for combating them. Apparently the ideological basis has already been created for cutting off the opposition at the elections.

[Lapshin] Quite true, and I have already said: It is the ruling clique that is sowing discord, exacerbating the crisis, provoking disturbances, and splitting society into warring factions, cunningly avoiding responsibility for its own deeds. I was in Chechnya and I know at first hand what is being done there. No lofty words can justify the fact that in peacetime conditions bombs are falling on cities and villages, people are being killed every day, and tens of thousands of our compatriots' lives have already been cut short.

One of the objectives of the hastily formed "Russia Is Our Home" bloc is to save the ruling regime from final bankruptcy. In so doing the authors of a third-rate policy are trying to attract to their side the mass of deprived people who have suffered most of all as a result of the anti-people policy. It is hard to find examples of such unconcealed cynicism in the history of the world. But nobody has ever managed to reconcile the thief and his victim. Nor will the present "White House" incumbents be able to do so, having set themselves the intention of privatizing Russia like an official dacha and extending their own apartments to a countrywide scale. In this "home" the part prepared for the working people is that of household servants.

[Golovenko] But the honor of heading the second, supposedly left-centrist, bloc has gone to a member of your party's board, State Duma speaker I. Rybkin. His conduct in recent days has prompted a lot of gossip, sniggering, and speculation. He seems to have put in an application for the registration of some kind of "Accord," but at the same time is markedly slow to make his own position clear. He was criticized at the plenum for this duality. And also because in the past year he did not attend a single congress, conference, or rally of Agrarians.

[Lapshin] For me, there is no doubt that Ivan Petrovich was deliberately put in the position of facing a very difficult political and moral choice. Everything is clear as regards V. Chernomyrdin: He is subordinate to the president and cannot disobey orders. The ideological

henchmen who proposed I. Rybkin's candidacy as leader of the second bloc (why not V. Shumeyko?) were pursuing several goals, one of which was to undermine his authority, blacken his political reputation, and thereby strike a blow against the Agrarian Party as punishment for its "recalcitrance" and as a future rival to the "stewards of the house." In recent days I have met and talked with Ivan Petrovich several times. It is not easy for him. All the same, I hope that after the final adoption of the election law he will make a decision that can be understood and accepted by all the people, by those who "made" him, who delegated him to a high state post.

[Golovenko] Both you and the CPRF have declared the intention to contest for votes independently. So will you be rivals?

[Lapshin] That is precisely what we would wish to avoid. Obviously, we will collaborate actively with the CPRF leaders and hold consultations with them. The main thing is to avoid clashes between candidates in the districts. They must not be set against each other, which undeniably happened in the last elections.

[Golovenko] Are you pleased with the results of the rally of your "Komsomol"?

[Lapshin] Any party is doomed to die out unless it has support among young people. For us, the rally of young APR activists was a major test. I was worried, too: Would they come, would they accept our ideas, our program, our tasks? And I can tell you that rural young people are troubled by the same ills in Russia. They are prepared to march hand in hand with us for the sake of the country's prosperity. Very many songs were heard at the rally in our Motherland's different languages. And that is a very good sign.

National Salvation Front's Role Viewed

954F2387A Novosibirsk VECHERNIY NOVOSIBIRSK
in Russian 19 May 95 p 6

[Article by Viktor Pyatibratov: "The Front and Rear of National Salvation: Notes on the Pre-Election Battlefields"]

[FBIS Translated Text] The pre-election marathon is gathering speed. The National Salvation Front, which has finally been registered at the Central Electoral Commission and received registration number 1628, was by far not the first to join it.

I will not act as an astrologer and weigh the chances of the FNS [National Salvation Front] in the forthcoming elections, especially since the participants in the Front's fourth congress assessed their possibilities rather soberly. If God does not permit joining some kind of

bloc, then assemblers in the localities and agitators will have to sweat from time to time in order that the FNS pass the 5 percent mark.

A peculiarity of the Russian political palette is that "squabbles and ambitions" are as it is laying out a motley picture of parties and movements in a mosaic of hues that are actually imperceptible to the eye. Every halfway leader pictures himself the future president, and his supporters, who are not numerous, imagine themselves as a majority in the future parliament. They are joining blocs reluctantly, jealously thinking that they are giving part of their fame to less talented, "almost like-minded people."

On the other hand, the occasional bloc, party, or movement will have a clear and simple ideological and economic program going into the elections. Now, for example, everyone is trying to drag the trade unions onto their teams. But the trade unions are showing off and thinking of coming out with their own electoral bloc. It is very interesting to imagine that they have won and formed a trade union parliament consisting only of industrial lobbyists. However, we already have the Agrarian Party (lobbyist?). Are kolkhoz- socialist or farmer-market parties really comprehensible?

Political election blocs—we will recall the last elections—may form on the basis of sex (Women of Russia), according to age (the youth wing of the Free Russia Party), and so on, which are not a bit worse than a party of trade union activists.

There are, of course, associations that are also less amorphous. On the left, let us say, the Zyuganov communists. There is a program, it is published, and everything with it is clear, up to and including the nationalization of privatized enterprises. On the right is Gaydar's Choice. Everything with it is clear even without a program—who does not remember 1992?

Next to Choice is Yavlinskiy's Yabloko. The differences between them are not essential ones and can easily be overcome. However, despite Boris Fedorov's hopes, a bloc here is hardly possible. The voter can vote for long-time oppositionist Yavlinskiy, but for Gaydar and Fedorov, "who have been sullied by executive authority," only with difficulty. (However, as a recent "Itogi" program showed, such a union is possible if, of course, it is not an advertising trick.) This is all about the liberals.

There is less clarity with respect to the patriot-statists (in normal countries they would be classified as right-wing conservatives). There is complete confusion, and their economic programs are full of holes or are borrowed from the left-wing conservative flank. Derzhava, of

course, should be placed first on the list. Rutskoy, as the leader, on the one hand, is a half-spent politician (i.e., predictable), but on the other hand is nevertheless a combat general and a prisoner of the regime. Indeed, Derzhava is not only held up by him but also by other well-known names.

Another extensively publicized bloc is the Skokov-Lebed bloc, established on the basis of Russian communes. At the Fourth FNS Congress someone in the lobby called this bloc a prop. (At one time Sterligov's Sobor was considered such a prop.) And from the rostrum, the "stern muzhik" Lebed was called "the Travkin in uniform." Who knows, who knows? Skokov is a known horse, but really a dark horse.

Only Zhirinovskiy and the ultra-outcast Barkashov can be placed farther to the right on the radical wing.

On the left are the social democrats, socialists, and communists, who have been mentioned, and on the side are the Anpilov and Umalatov supporters. It is unlikely that anyone will accept the latter in a bloc, and they themselves, alas, will not reach higher than 5 percent. The new turn of events was the president's solemn announcement of the creation of two centrist blocs. Rybkin's left-center bloc and Chernomyrdin's right-center bloc. (An event also from our own ranks, strictly Russians.) The right-centrist bloc has already been established, and it is most likely that a left-centrist bloc will not be established at all. (The president spoke a little too soon.) Mainly generals joined the right-centrist bloc, judging by the audience in the very first assembly. From industry, the army (General Tereshkov, for example), ministers, chiefs of administration. That is, this is not however an ideological bloc, it is a party of authorities. The majority of these people worked and will work under any regime.

It is in this situation that the National Salvation Front was revitalized. The organization is also de-ideologized. (If, of course, by ideology is not meant tough confrontation with the existing regime. By 1993 it assembled all of the opposition—from the extreme left wing to the extreme right wing.) And as it has turned out today, completely justifiably—October was ahead. Today the situation is different. Others, like the right-wing Astafyev constitutional democrats, went to Derzhava. The communists—to the legislative authorities, and they sensed their own strength, which, clearly, they will not share with anyone. Except for Ilya Konstantinov, no famous names are left in the Front. Nevertheless...the Front does have a fair chance. First, Vladimir Voronin, leader of the Tibet Investors Union, became the first deputy to Konstantinov. And there are 600,000 such investors in Russia. It is said that there are a total of 86

million of us, deluded people. The force is formidable. Second, if the FNS does not play first fiddle in the vanguard, then in the rear, in the provinces, it could turn out quite differently.

Having united the small separate groups of right-wing and left-wing oppositionists in Russian cities and villages, the Front is quite capable of constituting competition with the capacity to determine the party in power.

Pseudo-Cossacks Linked to Organized Crime
954F2360A Moscow ROSSIYSKAYA GAZETA
in Russian 23 May 95 pp 1-2

[Article by Vladimir Yanchenkov: "Cossack Robbers: The Social Movement for the Revival of the Cossacks Has Been Overwhelmed by the Filthy Scum of Crime"]

[FBIS Translated Text] On 19 May, under the leadership of Deputy Chairman of the Government of Russia Nikolay Yegorov, a session of the Council on Cossack Affairs under the Office of the President of the Russian Federation took place. Topical questions connected with the implementation of state policy with respect to the Russian Cossacks were discussed and resolved.

Among the top-priority tasks stressed at the meeting was the normalization of the ranks of the Cossack associations and formations and their cleansing of criminal elements that are undermining of the social movement and slowing the process of renewal of the Russia Cossackry.

....On 5 May in Moscow three citizens were detained for the beating of a law enforcement officer. One of the three was under investigation, and another had already been tried. All of them were certified members of a certain "Union of Cossack Officers."

....In April, upon the opening of a dam on the Skhodnya, a small river near Moscow, in Khimkinskiy Rayon, the disfigured corpse of a man was discovered. The investigation established that a group of robbers had participated in the murder, headed by Igor Burov, a "colonel of the Cossack forces" and head of the financial security department of the Union of Cossack Formations, whose total prison and camp experience is 23 years.

On 23 March, in Moscow, seven racketeers were detained during an attempt to extort \$90,000; they are from the so-called Cossack Brotherhood, whose ataman is the Cossack "colonel" Mikhail Filin, who was arrested that same day.

The impressive list of the criminal deeds of robber Cossacks grows with each passing day. Who are they,

these "colonels" and "generals" in Cossack trouser-stripes, and what relation do they really bear to the Cossackry being reborn in Russia?

Imposture, as is well known, has no meager history in Rus. We have had both Pugachevs and false Dmitriys, as well as children of Lieutenant Schmidt. So that a certain Viktor Kovalenko, having declared himself a colonel general and supreme ataman of the Great Brotherhood of Cossack Forces, is not original in this sense. Having no real, serious power and authority among the Cossacks (and what kind of respect can a man count on when he has a criminal past, with two convictions?), Kovalenko is nevertheless possessed by an unhealthy self-conceit, and considers himself a "great ataman on a worldwide scale." From his pen continually flit out circulars and orders that could be of interest only to a psychiatrist. Thus, on 7 September of last year, under Kovalenko's oval stamp and signature, the latest "masterpiece" of the self-styled general came out—Order No. 0001, which reads, in part:

"The reviving Russian Cossackry today is a powerful force, capable of actively influencing the public and political life of the country and abroad. My repeated appeals to the leadership of the state and to the president personally have not been heeded. Therefore, for ignoring the people's movement, I order that:

"1. The president of Russia is to be punished....

"2. Members of the Duma and the Council of Ministers are to be warned that in the event of a continuation of the policy infringing the interests of the Cossacks, the government and the Duma will be punished according to the traditions and laws of the Cossackry.

"3. The execution of the order of the Supreme Ataman of the Great Brotherhood of Cossack Forces, Colonel General V.V. Kovalenko, is to be entrusted to Lieutenant General (Prince) S.V. Kobzev-Dundutov."

But His Lordship the "prince" Kobzev-Dundutov played his supreme leader a nasty trick. It will be a long time yet before he sees either his beloved lash or his adored boss. The inveterate swindler, who made use in his criminal adventures of four uniforms—those of an admiral, a lieutenant general of the Ground Forces, a lieutenant general of the police, and a lieutenant general of aviation—who had been wanted by the federal authorities for the commission of a number of crimes, was arrested recently. During a search, a Tula Tokarev pistol was confiscated from him, and a whole collection of fake certificates, including a document supposedly certifying him as a lieutenant general of Russia's foreign intelligence service.

Twice convicted earlier for larceny on a particularly grand scale was another "pillar" of the Cossackry—Aleksandr Demin, who is today calling himself ataman of the Union of Cossack Formations, a lieutenant general. He keeps up close contacts with a certain Petr Tsapenko—a "Cossack field marshal" and inspirer of several petty swindling operations.

Today about 20 pseudo-Cossack organizations have sprung up in Russia. In the troubled times of the emergence of Russian democracy, when many phenomena of public life have not yet achieved a clear legal status, any kind of reprobate, most likely with a criminal past, sensitively picks up opportunities for carrying out his own self-serving plans. In this sense, the movement for the revival of the Cossacks—noble in its essence—could not have failed to attract the attention of adventurers. The Cossack trappings—the uniform with the trouser stripes, the military ranks, the militarized structure—became for many of them a reliable screen, hiding from outsiders' eyes their unseemly, and sometimes even simply unlawful, acts.

I have in front of me a letter from the president of the Astana-Contract joint-stock company (Almaty) to Deputy Prime Minister of the Government of the Russian Federation Nikolay Yegorov, sent in December 1994.

It says that the Committee on State Material Reserves of the Republic of Kazakhstan concluded an agreement with the Astana-Contract joint-stock company on the delivery of sunflower oil to the republic's state reserves, and allocated budget funds for this purpose. Through the intermediary firm Akio Morita, the agreement for the delivery of 8,500 tonnes of the oil was concluded with the Slavyanka individual private enterprise (city of Rostov-na-Donu), to which 1.290 billion rubles [R] was transferred as a prepayment.

I cite further: "The Slavyanka individual private enterprise did not fulfill the conditions of the agreement, that is, the oil was not shipped, and did not return the monetary funds. It subsequently became clear that the Slavyanka individual private enterprise was a fraudulent firm, against the head of which criminal proceedings were instigated.... Taking into account the fact that the director of the Slavyanka individual private enterprise, Mr. A.I. Chuykov, is simultaneously the ataman of the Rostov-na-Donu Cossacks, we earnestly ask you, as the chairman of the Council on Cossack Affairs under the Office of the President of the Russian Federation, to render your assistance in the return of the R1.290 with all the means at your disposal."

It was possible only to sympathize with the Kazakhstan businessmen and to advise them henceforward to be more careful in their choice of partners.

"Unfortunately," says Vladimir Naumov, a friend of the ataman of the Council of Cossacks of Russia, "certain of the mass media have put their hand to the creation of an image as decent folk of people who are in fact scoundrels and crooks. In the newspaper ZAVTRA, an article was published by a certain sub-captain of the 'Cossack brotherhood,' A. Milyukov—'An Ataman's Lot,' in which the author attempts to present his supreme ataman Filin and his wild host as such knights without fear or reproach, selfless defenders of the orphaned and the poor, supposedly with a great liking for the Cossack discipline and sober way of life. The newspapers had already written more than once about Filin's racketeering tricks, and as for the lifestyle of the ataman and his assistants, I can elucidate some things. I have photographs of Filin and his bodyguards drunk as lords, in an obscene state in the company of ladies of a particular profession. I can show them to the sub-captain Milyukov."

But it is much more indecent when Russian TV shoots an entire pompous film about a crime boss who goes by the nickname Poodle (prison experience, 18 years), who also dresses up in the Cossack uniform today and in Khabarovsk twists around his little finger even responsible workers of the organs of law enforcement who are supposedly keeping order in the city. Indeed, a heavenly country is Poodlia!

The so-called Extraordinary Council of Atamans of Russia, which took place on 30 April in Moscow, in Naumov's opinion, is a challenge not only to the Cossack movement, but also to the leaders of Russia. The Union of Cossacks of Russia sent the appropriate letters to all the atamans of Cossack forces, okrugs, departments, and associations of the Union of Cossacks. The appropriate document was also sent to State Duma Chairman I.P. Rybkin, which reads, in part:

"The Union of Cossacks—an all-Russian Cossack organization—expresses surprise on the subject of the greeting sent by you to the assembly of citizens organized by Deputy to the State Duma of the Russian Federation V.P. Mironov.

"We understand that you, evidently, have been led astray with respect to the representativeness of those assembled, who declared the "roundtable" on the problems of the Cossacks, the conduct of which was authorized by you for 30 April of this year, an emergency, and even an all-Russian, council of atamans. We assure you that, notwithstanding all the statements of the organizers, the Union of Cossacks has nothing to do with this farce.

"At the same time, we direct your attention to the fact that anxiety has been aroused among Russia's Cossacks by the presence in the hall and in the ranks of the organizing committee that was formed on the conduct of the supposedly unifying Krug of a significant number of persons who present themselves, pass themselves off, as atamans and generals—citizens who were earlier convicted of self-serving crimes....

"The real Cossacks and their atamans were absent in the hall, which, as we observe, suited the organizers very well."

"I get the impression," says Vladimir Glukhovskiy, head of the department dealing with Cossack affairs of the Ministry of Nationalities and Regional Policy Affairs, "that someone is purposely propagating and financing all this multitude of pseudo-Cossack criminal structures, in order to compromise and bring down the Cossack movement, which can and should become a support of Russian statehood. It is not fortuitous that all this filthy scum, dressed up in trouser stripes, is speaking harshly against the only healthy force—the Union of Cossacks of Russia, against the adoption of a law on the Cossacks, their state service, because they will put an end to the criminal outrages in the Cossacks' ranks, will cleanse them of the false scum.

The real Cossacks, the descendants of the industrious tillers of the soil and brave warriors, are on the periphery, in the places of their compact historical residence—on the Don and in the Kuban, the Stavropol area, the Urals, Siberia, and in other regions. There, shoots have already appeared of an emerging Cossack economy. For example, in the Kuban, the Central Cossack Bank is in operation, with branches in many cities in Russia. The Krasnodar Kray administration this year allocated R3.5 billion for the organization of Cossack farms. Cossacks of the Far East, together with specialists of the Pacific Ocean region, the Russian Federation Committee on Fishing, and businessmen from Alaska are creating the All-Russian Fishing Company, with share participation of all the Cossack hosts of Russia. About 20 Cossack frontier posts are already serving on Russia's borders. The proud Cossack title is borne by one of the marines regiments stationed in Vladikavkaz.

The Russian Cossacks have a future; it will become a powerful support of the state. But the days of all the various criminal filth hanging onto it will be numbered, as soon as a legal basis is placed under the movement for the revival of the Cossacks.

Military & Nuclear Issues

Gen Lebed Requests Discharge From Armed Forces

LD3105082895 Moscow ITAR-TASS in English
0816 GMT 31 May 95

[By Mikhail Shevtsov]

[FBIS Transcribed Text] MOSCOW, May 32 (ITAR-TASS) — Commander of the 14th Russian army, deployed in the Dniester area, Lieutenant-General Aleksandr Lebed has asked to be discharged from the Russian Armed Forces after his talk with the Chief of the Russian General Staff. His report was forwarded to the Commander-in-Chief of the Russian Ground Forces, and then — to the country's top authorities, ITAR-TASS was told today by Colonel-General Vladimir Semyonov, Commander-in-Chief of the Russian Ground Forces.

Semyonov did not wish to comment on the possible reasons behind Lebed's step. He only noted that his request would be decided by the top military leadership.

Officials of the apparatus of the Russian Defence Minister also refrained from comments, saying that Pavel Grachev was now on a three-day working trip to air force units in the North Caucasian Military Area.

Nevertheless, ITAR-TASS has learned from a source within the Headquarters of the 14th Army that Army-General Mikhail Kolesnikov, Chief of the Russian General Staff, ordered Lebed during their talk to fulfil the directive he had received, and to cut his army's command by July 1, 1995. He was allegedly offered to apply for discharge from the service after he refused to comply with this order.

Superiors Said To Request Resignation

LD3105093295 Moscow Radiostantsiya Ekho Moskv
in Russian 0800 GMT 31 May 95

[FBIS Translated Excerpt] General Aleksandr Lebed, commander of the 14th Russian Army stationed in the Dniester region, offered his resignation from the Armed Forces, a well informed source in the Defense Ministry said on 30 May. Deputy Commander Colonel Mikhail Bergman today confirmed this information in a telephone conversation.

[Begin Bergman recording] What should a man do when his superior summons him and says: Do either this or that. The commander realizes that to carry out the instruction is to commit a crime against his own people. He is told: If you do not want to carry out the order, submit your resignation. Well, it is only natural.... [pauses] Officers know only too well what will happen if Lebed leaves. First of all, Russia will be hit hardest. [end recording] [passage omitted]

Missile Commander on Problems With Energy Suppliers

LD3005123295 Moscow ITAR-TASS in English
1123 GMT 30 May 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] TATISHCHEVO, SARATOV REGION, May 30 (ITAR-TASS) — The famous Taman division of strategic missile forces is respected by the West but not by local gas and power suppliers, Major-General Yuriy Kononov, division commander, said in an interview with ITAR-TASS here on Tuesday.

According to the general, he experienced "bitter minutes" when gas and power suppliers in the Saratov region declared an ultimatum to him last week during the work in the division of American specialists who conducted an inspection in the framework of the START-1 Treaty: suppliers demanded that the commander pay immediately debts or the division will be left without electricity and gas.

Indeed, the division's debts totalled 400 million roubles. However, according to the general, he cannot pay them due to lack of funding under articles of the military budget. Besides, he believes, there is a government decision banning power cuts to nuclear facilities.

In Kononov's opinion, such a "frivolous" attitude to nuclear facilities developed after the Central Command Post of missile forces was switched off from power supply last autumn. This event scared the entire world but not Russian power suppliers.

ITAR-TASS learnt that the investigation of this fact continues: a group of experts again examines possible consequences of the central post's switch-off for Russia's national security.

The general claimed that money for power and gas should be returned by the Russian Finance Ministry to creditors. He noted that missile units consume a definite quantity of power. Appropriate funds should be recorded in the 1996 budget without giving the Defence Ministry a job of transferring money.

Only this way of settling the problem of funding strategic missile forces can remove unnecessary tension and bring appropriate order in relations between budget organisations which are government structures, Kononov stressed.

Jan-Apr Military-Industrial Complex Performance Data

MM3005141195 Moscow KRASNAYA ZVEZDA
in Russian 27 May 95 p 3

[Report by Vitaliy Vitebskiy, chief of the Russian Federation State Committee for Defense Sectors of Industry Main Directorate for Information and Statistics: "Statistics: The Military-Industrial Complex in January-April"]

[FBIS Translated Text]

Industry

According to up-to-the-minute figures, industrial production (at comparable prices) in April 1995 compared with the same period last year dropped by 27.1 percent, down 24.1 percent since the beginning of the year.

The greatest fall in production in April 1995 was recorded in the main directorates of the radio industry (41.2 percent), missile-space technology (41.2 percent), the arms industry (36 percent), and the communications industry (30.8 percent).

Civilian Output

Civilian production at comparable prices fell by 26 percent in April 1995 compared with April 1994, down 24 percent since the beginning of the year.

Military Output

Military production in comparable prices fell by 30.1 percent in April 1995 compared with April 1994, down 24.2 percent since the beginning of the year.

Consumer Goods Production

In April 1995 nonfood consumer goods worth 691 billion rubles [R] were produced — R2.273 billion since the beginning of the year.

Real nonfood consumer goods production in April 1995 dropped by 38.7 percent compared with April 1994, down 35.3 percent since the beginning of the year.

Based on the results of April 1995 the greatest fall in nonfood consumer goods production was recorded in the main directorates of the radio industry (down 53.1 percent), the communications industry (down 48.4 percent), the shipbuilding industry, munitions, and special chemicals industry (down 45.2 percent).

It is clear from the following table that the rate of decline has slowed down in the defense industry in 1995.

Rate of Change in Production for the State Committee for Defense Sectors of Industry As a Whole (in Percentages)

Month	1994/1991	1995/1991
January	41.7	34.9
February	41.7	31.1
March	39.2	27.8
April	40.6	29.6
May	37.2	
June	40.7	
July	36.8	
August	36.5	
September	37.5	
October	40.3	
November	42.8	
December	42.7	

Labor Indicators

Numbers

In March 1995 compared with March 1994 the average number of personnel in the State Committee for Defense Sectors of Industry as a whole dropped by 15.9 percent (16.6 percent in industry, of which the number of industrial-production personnel dropped by 16.3 percent).

Wages

The average monthly wage per worker in the State Committee as a whole in March 1995 totaled R251,000 (For your information this figure is R362,000 in the national economy, R433,000 in industry, and R307,000 in machine building).

The highest level of pay was recorded at shipbuilding enterprises (R319,000) and the lowest at electronics enterprises (R185,000).

Krasnoyarsk Plant Again Stores Ukraine's Spent Nuclear Fuel

LD2605184495 Moscow ITAR-TASS World Service
in Russian 1142 GMT 26 May 95

[By ITAR-TASS correspondent Yuriy Khots]

[FBIS Translated Text] Krasnoyarsk, 26 May — After a two-year interlude, following the introduction of

new borders within the former Soviet Union, the Krasnoyarsk mining and chemical combine is once again receiving spent nuclear fuel from Ukrainian nuclear plants. An ITAR-TASS correspondent was told by the enterprise's chief engineer, Yuriy Revenko, that special rolling stock has been sent from Krasnoyarsk to the Yuzhno-Ukrainskaya nuclear power station for this purpose.

Implementing the contract for the storage of nuclear fuel, which was concluded following the signing of an intergovernmental agreement between Russia and Ukraine, will allow the Siberian enterprise to address some of its problems. One of its first tasks is to help settlements situated in the immediate vicinity of the combine.

But the contract is not giving rise to inordinate enthusiasm among the enterprise's workforce because it only covers 1995. Yuriy Revenko thinks that Russia could lose this important market sector, because it seems Ukraine intends to be self-sufficient in future. This is why national ambition must be cast aside and a general agreement on cooperation between our countries concluded, which the chief engineer thinks would allow them to divide labor in a civilized manner, and beneficial to both peoples.

Federal Assembly

Moratorium on NATO Air Strikes in Bosnia Urged
LD3005165795 Moscow INTERFAX in English
1557 GMT 30 May 95

[FBIS Transcribed Text] Moscow, May 30 (INTERFAX) — The international affairs committee of the Russian State Duma (lower house) has called for a moratorium on NATO air strikes in Bosnia.

In a statement made available to INTERFAX on Tuesday [30 May], it described NATO's chosen option of bombing positions of only one side in the Bosnian conflict as a challenge to peace efforts.

The committee called for a moratorium, the resumption of the ceasefire accords and an immediate release of UN hostages as priority moves for regional normalization.

It blamed the latest escalation of violence in the Balkans on irresponsible actions by the Croatian and Bosnian governments who have violated the ceasefire agreement.

The statement also refers to the negative role and unilateral position taken by the West when they refused to take effective measures against those who were responsible for the resumption of regional fighting.

Text of Statement on Belarus Referendum Results

MM3005142895 Moscow ROSSIYSKAYA GAZETA
First Edition in Russian 30 May 95 p 4

[State Duma Decree No. 787-1 GD, signed by Speaker Rybkin in Moscow on 19 May 1995: "On the Russian Federation Federal Assembly State Duma Statement 'In Connection with the Results of the 14 May 1995 Nationwide Referendum in the Republic of Belarus'"; the decree is accompanied by the statement in question]

[FBIS Translated Text] The Russian Federation Federal Assembly State Duma decrees that:

The Russian Federation Federal Assembly State Duma statement "In Connection with the Results of the 14 May 1995 Nationwide Referendum in the Republic of Belarus" is hereby adopted.

[Signed] I.P. Rybkin, chairman of the Russian Federation Federal Assembly State Duma

[Dated] 19 May 1995, Moscow, No. 787-1 GD

State Duma Statement in Connection With the Results of the 14 May 1995 Nationwide Referendum in the Republic of Belarus

The Russian Federation Federal Assembly State Duma, — bearing in mind the many centuries of traditions of fraternal friendship between the two Slavic peoples and — deeply respecting the path of development chosen by Belarusian statehood,

learned with enthusiasm of the results of the direct expression of the people's will 14 May 1995, which reaffirmed the unwavering desire of the Belarusian people for unity with Russia.

The Belarusian people's position on the question of relations with Russia, the status of the Russian language, and state regalia was convincing testimony to the profound understanding of the fundamental interests of our two fraternal peoples.

State Duma deputies note the particular role played by Belarusian President A.G. Lukashenka, who, despite pressure and attempts to distort the essence of the problem, managed to put to a referendum the question of giving Russian the status of state language in Belarus. We hope that the example set by the Belarusian president will meet with support and understanding from the heads of a number of CIS states, who at different times on the road to power repeatedly stated their respect for Russian language and culture.

We are confident that this significant event will be supported by the majority of the population of multinational

Russia. This major step of political will, which is a good sign, forms part of the unchallengeable idea of uniting peoples throughout the entire area of the CIS.

The State Duma expresses the hope that our country's leadership will respond energetically and with interest to the results of the Belarusian referendum.

At the same time, we appeal to participants in the coming CIS heads of state conference scheduled for late May 1995 (and convened, most symbolically, in the hero-city of Minsk, capital of fraternal Belarus) to resolve problems concerning the economic, political, scientific, and cultural basis of the CIS, which are key issues for the peoples of the former Soviet Union.

The State Duma reaffirms its consistent line of supporting programs aimed at bringing about a unifying process among the Commonwealth states, testifies to its respect for the fraternal Belarusian people, and states its readiness to continue strengthening sincere friendship and cooperation between the Russian Federation and Belarus.

Regional Affairs

Further on Aftermath of Sakhalin Earthquake

Yeltsin Edict on Day of Mourning

MM3105090395 Moscow ROSSIYSKAYA GAZETA
in Russian 31 May 95 First Edition p 1

[Edict of the Russian Federation President No. 546, dated 30 May 1995 and signed by Russian Federation President B. Yeltsin: "On the Declaration of Mourning in Connection With the Tragic Consequences of the Earthquake in Okhinskiy Rayon, Sakhalin Oblast"]

[FBIS Translated Text] On 27 May 1995 at 1705 hours Moscow time a severe earthquake took place in Okhinskiy Rayon, Sakhalin Oblast, as a result of which some 3,000 people were killed or injured, or are missing. The city of Neftegorsk was almost totally destroyed and the settlements of Moskalvo and Sabo were hit, as a result of which hundreds of people were left homeless.

In expression of grief for those killed as a result of this cruel natural disaster, I decree:

1. That 31 May 1995 be declared a day of mourning in the Russian Federation.
2. That State Flags of the Russian Federation be flown at half-mast throughout the country's territory on the day of mourning.
3. That cultural institutions and television and radio companies be recommended to cancel entertainment events and programs throughout 31 May 1995.

4. The present Edict enters into force from the moment of signing.

[Signed] President of the Russian Federation

B. Yeltsin

Kremlin, Moscow, 30 May 1995, No. 546

Yeltsin Edict on Emergency Aid

MM3105091895 Moscow ROSSIYSKAYA GAZETA
in Russian 31 May 95 First Edition p 1

[Edict of the Russian Federation President No. 547, dated 30 May 1995 and signed by Russian Federation President B. Yeltsin: "On Urgent Measures To Help Citizens Who Suffered as a Result of the Earthquake in Sakhalin Oblast"]

[FBIS Translated Text] With a view to helping the citizens who suffered as a result of the devastating earthquake on 27 May 1995 in Okhinskiy Rayon and adjacent rayons of Sakhalin Oblast, which claimed substantial casualties, I decree:

1. That one-time material aid be granted to affected citizens of 20 times the minimum wage established by legislation, and for the families of those who were killed (who died), 200 times, in equal shares to each family member.
 2. That compensation payments to citizens who suffered material losses as a result of the natural disaster be paid at up to 50 million rubles per family.
 3. Burial expenses for citizens who were killed (who died) as a result of the earthquake are to be paid to the individuals or legal entities taking on the organization of the funeral, on the basis of actual costs, out of sources stipulated by existing legislation for the payment of ritual grants.
 4. That the Russian Federation Government determine the procedure and conditions for the granting of one-time material aid and compensation payments.
- That the said payments be made out of federal budget funds stipulated for overcoming the consequences of natural disasters and emergencies.
5. That federal organs of executive power, the Russian Federation Pensions Fund, the Federal Fund for Compulsory Medical Insurance, the Russian Federation Social Insurance Fund, and organs of executive power of Russian Federation components provide the maximum possible assistance to affected citizens in solving urgent problems connected with their survival.

[Signed] President of the Russian Federation B. Yeltsin.

Kremlin, Moscow, 30 May 1995, No. 547

Chernomyrdin Chairs Aid Meeting

*LD3105091295 Moscow Mayak Radio Network
in Russian 0800 GMT 31 May 95*

[FBIS Translated Text] A meeting took place in the Russian White House today, chaired by Russian Premier Viktor Stepanovich Chernomyrdin, who has flown into Moscow. The meeting considered aid to the victims of the earthquake in Sakhalin. Our correspondent Valeri Kiosa reports on the details by telephone.

[Begin Kiosa recording] Before the meeting began, the participants honored the victims of the tragedy in Sakhalin with a minute's silence. Viktor Chernomyrdin said that as of this morning, only 781 of the 3,000 residents of the settlement of Neftegorsk have been found alive. Fifteen thousand sq. kms of land are in the earthquake zone. The premier thinks that rescue work over the next day or two may lead to more people being discovered alive.

The heads of the various departments taking part in organizing the rescue work in Sakhalin spoke at the meeting. Judging by what they said, the rescue work now has all the backing it needs. The necessary reserves have also been set up, including transport reserves. Thus, the Defense Ministry reported that 41 aircraft and 21 helicopters along the entire route from Moscow to Yuzhno-Sakhalinsk are completely ready to work at the bidding of the Emergencies Ministry.

In the premier's opinion, the work should be split into three main categories. First, rescue work should be continued. Second, housing and compensation should be provided for all the victims and the evacuation of all those who want to leave the Sakhalin region should be organized. And finally, the third category of work, preparations should be made for restorative work.

This primarily concerns the housing stock in Sakhalin in general, since until 1971 this region was considered earthquake safe and construction had been carried out in what might be called a normal fashion. So, a special category of work will concentrate on the construction of new buildings and strengthening buildings which have already been constructed.

It will probably not be considered expedient to restore the settlement of Neftegorsk and a workforce will be brought in on tours of duty in order to extract the oil in this region.

The premier particularly stressed the need to guarantee the strictest of procedures with regard to the receipt of humanitarian aid, so that things do not happen as they tend to here — we want the best but it turns out as

it always does. Viktor Chernomyrdin also stated that should there be shortages of medicines or equipment in Russia, then these will all be purchased abroad by the Government. [end recording]

Chernomyrdin Reports New Tremors

*LD3105100095 Moscow ITAR-TASS in English
0933 GMT 31 May*

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW May 31 (Itar-Tass) — 781 out of 2,977 residents have been rescued from under the rubble of quake-flattened town of Neftegorsk so far, but new tremours force 5 according to the Richter scale had shaken the disaster area on Wednesday, according to Prime minister Viktor Chernomyrdin.

He told a government meeting Wednesday the tremours occurred while he was speaking by telephone with Emergency ministry officials in Neftegorprsk.

He quoted Emergencies minister Sergey Shoygu as saying that most bodies would be extricated from under the rubble in the coming two days and that chances to find survivors are quickly decreasing.

"Today for the first time the number of extricated survivors was less than the number of extricated dead bodies", Chernomyrdin said, adding that experts estimate the death toll at 2,000.

The Prime minister, who has interrupted his vacation to deal with the quake aftermath, said finances to the victims of the quake would be granted "without any deliberations".

The government meeting urged to check all residential quarters on Sakhalin which were constructed before 1970 without any consideration of the seismic activity in the area. This concerns some 230,000 square metres of living space which comprise 4,500 apartments. 1,130 billion roubles (220 million USD) are necessary to build the same number of apartments on Sakhalin.

But Chernomyrdin warned construction agencies against "scaring us with figures" and urged them "to think about Sakhalin and help it".

The Premier is to meet the president of the South Korean Daewoo company in the afternoon, but it was not clear whether possible Korean assistance to Sakhalin would be discussed.

Later in the day Chernomyrdin is to return to the Black sea spa of Sochi to continue his vacation.

Chubays Authorizes Release of Funds

MM3105093795 Moscow ROSSIYSKAYA GAZETA
in Russian 31 May 95 First Edition p 1

[Directive of the Russian Federation Government No. 742-d, dated 29 May 1995, Moscow, and signed by A. Chubays, first deputy chairman of the Russian Federation Government]

[FBIS Translated Text] In connection with the emergency situation in Sakhalin Oblast's Okhinskiy and Noglikskiy Rayons as a result of the earthquake, which caused substantial casualties and damage, the Sakhalin Oblast Employment Center is permitted to use the remainder of funds formerly allocated from the centralized section of the Russian Federation State Fund for Employment of the Population in the sum of 4.3 billion rubles in order to provide emergency aid to affected unemployed citizens and members of their families, and also to resolve employment questions and to organize and implement public and temporary work connected with overcoming the consequences of the earthquake.

[Signed] First Deputy Chairman of the Russian Federation Government A. Chubays.

Foreigners Offer Aid

MM3105080795 Moscow IZVESTIYA in Russian
31 May 95 p 2

[Report by Boris Vinogradov: "Foreigners Rushing In To Help Neftegorsk"]

[FBIS Translated Text] Distress is always shared. This truism is being confirmed yet again in the wake of the earthquake in Neftegorsk. The first aircraft from the Japanese island of Hokkaido has already arrived on Sakhalin, bringing in a consignment of humanitarian cargo.

It consisted of tents, sleeping bags, blankets, water purification equipment, fuel, spades, medicines, kidney machines, and foodstuffs. Japan was the first country to render practical aid to the people of Sakhalin. Japan's Ambassador Watanabe visited Russia's Foreign Ministry and Ministry for Emergency Situations the day before, offering the organization of an airlift between the islands for the transportation of cargo and salvage equipment. The building in Moscow's Smolensk Square is being visited by ambassadors from many countries. Britain, Switzerland, South Korea, Israel, the United States, and other countries have expressed readiness to send there their specialists experienced in work in similar situations and to assign aircraft for this purpose. Several international organizations have sent their offers to the Foreign Ministry, including the UN

Department for Humanitarian Questions, the "Medecins Sans Frontiers," and the Red Cross Committee.

In response to the numerous offers from abroad, the Russian side has expressed gratitude but has warned that we are not able to provide the proper reception facilities for the aid due to the transportation difficulties existing in the northern section of Sakhalin at present. Sergey Khetagurov, deputy leader of the Ministry for Emergency Situations, pointed out that more than 1,000 salvage workers are operating in Neftegorsk at present and they expect to cope on their own.

As regards humanitarian aid from abroad, Russia is not refusing it. But it is still necessary to compile a flights schedule and to properly organize the airport and customs services. Cities situated in the vicinity of Neftegorsk have no experience in similar work.

379 Dead Extricated From Rubble

LD3105052695 Moscow ITAR-TASS in English
0516 GMT 31 May 95

[FBIS Transcribed Text] NEFTEGORSK May 31 (Itar-Tass) — 379 dead and 375 wounded have been extricated from under the rubble of quake-flattened town of Neftegorsk on Sakhalin by Wednesday which is the day of national mourning for the quake victims in Russia.

124 bodies, including 39 children, have been identified. The wounded include 27 children, Tass learned from the local office of the Emergencies ministry.

1,218 rescuers are currently working in Neftegorsk. They are equipped with 52 cranes, six excavators, 12 bulldozers and 12 trucks.

Rescuers use the tactics of "general silence" which allow them to spot survivors by groans. 50 people have been rescued thanks to the method which was used three times on Tuesday.

341 of the rescued were hospitalised in the neighbouring town of Okha.

41 people were delivered to hospitals in Vladivostok and half of them are in intensive therapy wards. Doctors said two people died on the way to Vladivostok. The situation with donor blood supplies stabilised after Vladivostok residents had donated 318 litres of blood.

Over 90 wounded were hospitalised in grave conditions in Khabarovsk and doctors said 90 per cent of them can survive only thanks to the artificial kidney devices.

Quake Damages 45 Km of Pipeline

LD3105111795 Moscow ITAR-TASS World Service in Russian 1025 GMT 31 May 95

[FBIS Translated Excerpt] Moscow, 31 May — The earthquake in Sakhalin has damaged 45 kms of oil pipeline, 1 km of gas pipeline, 11 oil pumping stations, 3 oil and gas collecting and processing bases, 230 wells where extraction work was under way, and other facilities. These figures were given to an ITAR-TASS correspondent at the press center of Russia's Ministry for Fuel and Power Engineering. The information is "first hand" — from Minister Yuriy Shafranik. He arrived in Sakhalin today and has examined the situation there following the earthquake. [passage omitted: commentary about rescue work]

Police Refute Rumors of Looting

LD3105091595 Moscow ITAR-TASS in English 0850 GMT 31 May 95

[By Yevgeniy Belovitskiy]

[FBIS Transcribed Text] YUZHNO-SAKHLINSK, May 31 (Itar-Tass) — Major-General of Police Boris Lobovskiy, chief of the Sakhalin regional police department, flatly refuted rumours of looting in the town of Neftegorsk, stricken by a devastating earthquake. Some 80 police officers sent there by the region ensure law and order in the town, he told Tass Wednesday.

They control the arrival and departure of every person from Neftegorsk.

On May 29, a group of teenagers and three grownups were detained while departing from the town. They had on them an illegally obtained Yauza tape-recorder, strong beverages and foodstuffs.

There were no other law violations on the three days following the quake. The personnel of the Okha city and Nogliksiy district police divisions patrol the town round-the-clock.

Police officers also ensure safety of cargoes coming to the disaster area and escort truck convoys.

Police departments from the Maritime territory and Kamchatka, neighbours of Sakhalin, expressed readiness to send special police groups to assist Sakhalin authorities.

However, in the opinion of the Sakhalin region police chief, there is no need for such assistance.

Out of 13 Neftegorsk policemen, five died and six are registered as missing. Lobovskiy expressed gratitude to his colleagues for messages of sympathy as well as for moral and material support.

For instance, officers of the Saratov (central Russia) police department transferred five million roubles to render aid to their colleagues afflicted by the earthquake.

Update on Battlefield Situation in Chechnya

Chechens Seek To Expand Hostilities

LD3005170095 Moscow INTERFAX in English 1557 GMT 30 May 95

[FBIS Transcribed Text] MOSCOW, May 30 (Interfax) — The council of Chechen field commanders demanded that Dzhokhar Dudayev extend hostilities into other parts of Russia.

Usman Imaev, one of Dudayev's closest aides, made a statement saying that this decision was provoked by the acts of wanton cruelty and marauding committed by the Russian troops against the civilian Chechen population. Imaev said that adequate steps had to be taken to put an end to cruelty.

The council is said to ask Dudayev to consider their demand within 48 hours and adopt a new policy and ideology in fighting Russia.

AP Cameraman Killed

LD3105083095 Moscow ITAR-TASS in English 0806 GMT 31 May 95

[FBIS Transcribed Text] MOSCOW May 31 (Itar-Tass) — An Azeri TV cameraman, who has been working for the TV service of the US Associated Press news agency of late, was killed in Chechnya, Tass learned from reliable sources Wednesday.

The body of Farkhad Kerimov, 47, was found on May 22 near the village of Sayasan by a local resident who had heard shots in the area.

Later the body was identified as Kerimov's by his brother.

Kerimov was one of the few TV cameraman who had been working of late on the territory controlled by Chechen separatists.

Marines Suffer 'Heavy Losses'

MM3105085595 Moscow KRASNAYA ZVEZDA in Russian 31 May 95 p 1

[Report by Aleksandr Pelts: "Combat Operations in Southern Chechnya"]

[FBIS Translated Text] The tactics of "squeezing" Dudayev's men into Chechnya's mountainous regions has yielded obvious results. Federal forces have conducted

a series of local operations in the last few days, as a result of which the situation in the south of the republic is favorable for the destruction of those who continue their armed resistance. The tactics used by federal forces in their actions are more decisive: They are making active use of the method of bypassing the defensive areas held by Dudayev's men and striking at their rear bases.

It was announced at the Russian Federation Ministry of Defense Information and Press Directorate that active combat operations using artillery and aviation continued in the direction of Shatoy and Agishty in the last 24 hours. The federal forces succeeded in advancing 12-15 km. There were no precise data about losses.

The situation still remains complex near the population center of Serzhen-Yurt. Scattered and tiny groups of gunmen are active at nighttime and rather opt for sabotage actions.

According to estimates by Umar Avturkhanov, chairman of the Chechen Republic's Committee of National Accord, Dzhokhar Dudayev is now left with only 1,500 loyal "bayonets."

Soldiers of the Pacific Fleet's Marine Force Combined Regiment suffered heavy losses during fighting in Chechnya's mountain ranges. According to reports from the Pacific Fleet Press Service, 12 marines, including three officers, died in the last four days, and a further 29 men were wounded.

The marines are part of the advanced detachment of federal forces which is fighting against Dudayev's formations to the south of the city of Shali.

Analyzing the news reports coming in from Chechnya, it can be assumed that active combat operations against the remnants of Dudayev's formations are continuing. The main events should be expected to occur in the Vedenskoye and Argunskoye Gorges, where the gunmen are being squeezed in.

Chechen Economic Restoration To Be Funded 'This Year'

LD3005180595 Moscow ITAR-TASS in English
1627 GMT 30 May 95

[By Oleg Velichko]

[FBIS Transcribed Text] MOSCOW, May 30 (Itar-Tass) — The federal program for Chechen economic restoration will "be fully financed this year, primarily in the part of accommodation of military and law-enforcement bodies," first deputy head of the Russian State Commission for Economic and Social Restorations in Chechnya Pyotr Surov told the Commission meeting today.

In his words, the pension debt has been almost completely paid off. A total of 74 per cent of railroads, 155 post offices, four hospitals, seven polyclinics and 15 ambulance stations have been restored. The town of Grozny will have a 90 per cent electricity supply in June.

According to Surov, "the oil refinery in Grozny is intact by two thirds, and about 4,000 specialists will soon return to their working places. The first plant line processing 2,500 tonnes of oil has been restored.

In his opinion, head of the Chechen National Revival Government Salambek Khadzhiev "has a growing rating in the republic, and his cabinet is business-like."

Before the meeting, first deputy Russian Minister of Finance Vladimir Petrov told Itar-Tass that 410 billion rubles have been transferred for Chechen restorations in May 1995. All in all, 1,340 billion worth of restorations have been financed this year.

New TV Company Registered in St. Petersburg

MM2605144095 Moscow IZVESTIYA in Russian
26 May 95 p 9

[Report by Dmitriy Grigoryev: "Yet Another St. Petersburg TV Company To Start Broadcasting to Russia. With British Help"]

[FBIS Translated Text] The "Telekanal-27" closed joint-stock company has been registered in the city on the Neva. Fifty percent of the state capital comes, in particular, from the government and property management committee of the city, the technical transmitter center, and the All-Russia State Television and Radio Company. The other half of the shares belong to the British company International Network Television, created in London specially for this project.

The new program will be called "TV 3 'Rossiya.'" In the next few days it will appear on screens in St. Petersburg and a further 15 major Russian cities such as Yekaterinburg, Volgograd, Perm, Kaluga, Tula.... Viewers will be able to watch it from 0700 hours to 2400 hours, with a break from 1300 to 1600. It is planned that 75 percent of the programming will be Russian TV programs and movies, mostly original, and 25 percent will be foreign, mostly movies.

At present it is not planned to broadcast to Moscow, since there is no spare frequency in the decimeter range. But the leadership of the new company is hoping to resolve this problem.

Squabbles Break Up LDPR's Tver Oblast Branch

MM2605154995 Moscow IZVESTIYA in Russian
24 May 95 p 2

[Report by Aleksey Chelnokov: "Zhirinovskiy Visits LDPR's Heartland in Tver"]

[FBIS Translated Text] Tver-Moscow — Last Sunday [21 May] V. Zhirinovskiy visited Tver, which provided him with a fair share of votes in the elections. Despite his former popularity, only around 1,000 people attended a meeting held in Ploshchad Slavy [Glory Square]. Not a single one of the city's halls or palaces allowed the LDPR [Liberal Democratic Party of Russia] leader to use its premises.

Zhirinovskiy had notified the local authorities of his arrival four days earlier. A government telegram said that the leader of the LDPR faction would be heading for Tver "in accordance with his work schedule in the regions." But a document recently circulated to State Duma deputies compels us to make other assumptions about the trip's purpose. The leaflet claims that the LDPR oblast branch leadership "intends to reinforce the ranks of Boris Fedorov's movement." Zhirinovskiy went to Tver in order to stick the organization's fragments together. It has been learned that this claim is far from an invention. Behind it lies a curious story which speaks volumes about Liberal Democrat leaders and procedures within the party itself.

By 1993 the LDPR's Tver branch had gained a reputation as one of the "strongest" in the province. There were "respected people" on the party branch's coordination council. The former Moskovskiy Rayon prosecutor, the former Tver Oblast prosecutor, a deputy director of the cooperative agricultural farm, and a section chief of the oblast newspaper TVERSKIYE VEDOMOSTI [Tver Gazette]. The local youth branch of "Sokol" [Falcon] was headed by a Tver Music School student. The organization's founders and leaders were former Army officers Nikolay Semenov and Yuriy Galetskiy.

A considerable amount of their efforts was expended on overcoming the authorities' aversion to the eccentric politician. Eventually the aim could have been considered to have been achieved. The "Falcons" were patrolling the streets with the police. A rayon branch was formed in Ostashkovo, where the General Pilot National Center is based. It was planned to set up a cadet corps and a youth camp. All this, I repeat, under the auspices of the LDPR.

The beginning of the end of the idyll can be dated to March last year, when Branch Chairman Semenov was discharged from the Army (at that time he was running as an LDPR candidate for the city Duma).

Someone by the name of Oleg Bezus arrived from the "center," invested with powers to "restore justice." Bezus, a retired colonel and former aviation regiment commander, himself suffered at the hands of the military authorities. In 1992 he spent 9 months in prison on suspicion of arms trading.

Plenipotentiary Bezus spent a long time thoroughly investigating Semenov's fate, but he also enthusiastically got together with certain other party activists—somewhat less "respected," let us say. Oleg Kuravkin, for example. This man has spent 12 of his 30 years in places of confinement. Or convicted criminal Vyacheslav Khazov, aide to State Duma Deputy S. Zarichanskiy. Khazov is known in Tver as the publisher of the "Kollazh" [Collage] anthologies of frivolous anecdotes (incidentally, the mailbox number given in the publisher's data coincides with the local branch's postal address).

This triumvirate soon covered itself in scandalous glory. Kuravkin printed an "Open Letter to the Newspaper Addressed to V.V. Zhirinovskiy." "N.V. Semenov," he informs the public, appealing to the party boss, "has been photographed drunk against the background of the party flag with a pistol in his hand, after vomiting all over the landing and wiping himself."

"By his own admission Kuravkin," the offended Semenov and his entourage wrote to the LDPR leader, "has been officially diagnosed as a schizophrenic with suicidal tendencies.... He broke into the hotel room of a Serbian nun attending the Congress of Slav Peoples, thereby lowering the standing of the Russian man and discrediting the party."

(Generally, knowing the looseness of morals in the party ranks, it is possible to believe that the mutual accusations are true. In March last year the divisional inspector of Tsentralnyy Rayon Internal Affairs Department requested that the LDPR faction's leader "take internal party disciplinary measures against Citizens Belousov and Strelkov, who, in a state of alcoholic intoxication, caused a disturbance at the Volga Hotel).

At the end of last year Zhirinovskiy handed down his verdict: Semenov was to be relieved of his post as coordinator of the Tver branch and certain of his party members were to be expelled from the coordinating council.

But it was too late: The internal party squabble snowballed. Accusations of "moral decay and appropriation of party funds" were flying thick and fast. On one occasion matters degenerated into a brawl. Khazov and Kuravkin, who had had a drop too much, decided one

late March evening to "drop in on" Semenov. The "victim" described this visit to me as follows:

"They started breaking the door down when I refused to open it. A neighbor came out and they broke into the room where my wife and children were. Kuravkin seized me by the throat, demanding some money. Fortunately my wife managed to call the police...."

The Rayon Prosecutor's Office instituted criminal proceedings against Kuravkin, charging him with assault. Khazov was so drunk that "the elements of a crime were not established" in his actions.

After this the LDPR's central apparatus was inundated with dozens of complaints. Semenov beat his chest: But I am a regular guy, a tried and tested party man. What about my past services? Who is against me — criminal elements. I sought justice in Moscow itself, at LDPR headquarters. But I was firmly kept away from the great leader by the apparatchiks. After a time I was completely stripped of my posts.

It was then that, having assembled, everybody — former prosecutors, Army commanders, and the music school student — decided to reinforce the local branch of Boris Fedorov's "Forward, Russia!" movement with their orderly ranks. "And we accepted them," State Duma Deputy Vladimir Bauman, leader of the local democrats, said, "and on inspection they turned out to be normal people."

"Normal people," they admit, made a mistake by relying on Zhirinovskiy's "common sense."

Now there is nobody to lead the party's oblast branch in Tver. Its headquarters have been moved to the rayon location of Rzhev. The uniformed "Falcons" no longer supervise public order. The cadet corps is still a dream. What about our other heroes?

Bezus has not been seen for a long time in the city. People say that he has returned to his military camp. Khazov is still publishing salacious anecdotes and is still in the party. The Zavolzhskiy Rayon Prosecutor's Office has circulated Kuravkin as "wanted." Not thinking that I would be successful, I dialed his home telephone number. Kuravkin picked up the receiver immediately.

"Apparently," I asked, "you are wanted?"

"Yes I am, but it's all the same to me, I am living the same as before."

"You could now be thrown into prison again. What made you beat Semenov up?"

"Zhebrovskiy, Zhirinovskiy's deputy, told me: 'Call on Semenov and get our money.'"

Evidently the LDPR needs comrades-in-arms like Kuravkin.

Tatarstan President To Back Chernomyrdin Bloc

*MK3105095095 Moscow SEGODNYA in Russian
31 May 95 p 2*

[Report by Yelena Tregubova under the "Supporters" rubric: "Mintimer Shaymiyev Is Confident That the Republic Will Support Its Leaders. And the Leaders Will Support the Party of Power"]

[FBIS Translated Text] Tatarstan President Mintimer Shaymiyev said yesterday, in an answer to your SEGODNYA correspondent, that he is confident of the "Russia Is Our Home" bloc's success in the election in his republic. "If Tatarstan's leaders choose to provide an organized backing of some party or some candidates, the population will support our efforts. Such is the situation in this region," the president explained.

Other parties and movements, which "are doing a booming business in Moscow," according to the Tatarstan's leader, "have too few supporters in the provinces." As for "Russia Is Our Home," in his opinion, it "has good chances of becoming a mass movement."

In Mintimer Shaymiyev's words, he "has backed Chernomyrdin since he saw an inconsistency between the composition of the parliament's lower house and the government." "The government, which is conducting the reforms, also cannot help seeing this inconsistency, and therefore it has to strive to achieve a majority in the parliament," the Tatarstan president believes. He remarked that Chernomyrdin's bloc is "the party of power indeed, but what kind of party of power will it be, if it does not try to retain power!"

Mintimer Shaymiyev forecasts, however, that the government bloc "will be confronted with great problems." "For all other parties, during the election campaign any canvassing based on nothing would be sufficient, whereas Chernomyrdin will have to back the authority of his movement by practical actions every day." The Tatarstan leader is convinced that "today's government is quite capable of implementing the charted course of economic reforms and bringing stability to society."

Tatarstan President on Republic's Achievements

*LD3005121195 Moscow ITAR-TASS in English
1118 GMT 30 May 95*

[By Lilia Kuznetsova]

[FBIS Transcribed Text] MOSCOW, May 30 (Itar-Tass) — Tatarstan's main achievement is that it found the roads of political settlement of relations

between Tatarstan and Russia and chose its own road of economic reform. Tatarstan's president Mintimer Shaymiyev said this at a news conference on Tuesday devoted to the opening of the days of Tatarstan's culture in Moscow.

Shaymiyev emphasised the importance for Tatarstan's successful development of the treaty signed with Russia last year. He said the treaty showed that on the threshold of the 21st century all problems should be decided by peaceful talks.

Tatarstan's president analysed the economic situation in the republic in detail. He believes that the decision on a gradual entry into the market and rejection of shock therapy resulted in the fact that the living standards in Tatarstan are higher than on an average in Russia.

Shaymiyev believes this is also promoted by the development of economic relations with Russia, with member-countries of the CIS and with foreign countries. The president noted that Kazakhstan's cultural and economic ties with Turkey are developing much more effectively than with other Islamic countries.

Shaymiyev said Tatarstan culture days in Moscow are an important fact of spiritual life of all Tatars residing in Russia. He also said that this fete is being held in new Russia for the first time and will undoubtedly become an important milestone in the development of culture and in spiritual rebirth of the people.

New Tatarstan Statistics Committee Head Appointed

954F2343A *Kazan RESPUBLIKA TATARSTANA*
in Russian 20 May 95 p 2

[Edict of the president of the Republic of Tatarstan: "On the Appointment of R.A. Khusnutdinov as chairman of the State Statistics Committee of the Republic of Tatarstan"]

[FBIS Translated Text] Rais Agzamovich Khusnutdinov shall be appointed chairman of the State Statistics Committee of the Republic of Tatarstan.

[Signed] President of the Republic of Tatarstan M. Shaymiyev

Kazan, the Kremlin

19 May 1995

Rais Agzamovich Khusnutdinov was born in 1950 in the village of Yelizovo in Yelizovskiy Rayon, Kamchatka Oblast. He graduated from the Kazan Aviation Institute and the graduate school of the Kazan Finance and Economics Institute.

He began his work activity in 1972, after graduation from the institute and military service, as a tester at the Kazan electrical equipment plant. After that he worked in the Komsomol [All-Union Lenin Young Communist League], and for about seven years at the Kazan medical preparations plant.

After 1967 he worked in republic administrative organs: as an instructor of the Council of Ministers, chief of a Gosplan subdepartment, division and administration chief and main adviser of the State Committee of the Russian Federation on the Administration of State Property, and since 1993 he has been first deputy chairman of the State Statistics Committee.

New Oil Processing Complex for Tatarstan

954F2374A *Kazan IZVESTIYA TATARSTANA*
in Russian 16 May 95 p 1

[Unattributed article: "A Strategic Question for the Republic"]

[FBIS Translated Text] A session of the Presidium of the Cabinet of Ministers of the Tatarstan Republic was convened 13 May in Kazan.

The issue "Construction and Financing of the Petroleum Deep-Refining Complex of the Joint-Stock Company Nizhnekamskneftekhim" was examined. G. Sakhalov, president of the joint-stock company, presented a report. Supplementary reports were delivered by A. Mazgarov, director of the All-Russian Scientific Research Institute for Raw Hydrocarbons, and I. Diyarov, department head at the Kazan State University of Technology.

Based on the results of examination of this issue, the Tatarstan Republic Government adopted a resolution approving the proposal of the Council of Directors of Tatneftekhiminvest-Holding and the joint-stock company Nizhnekamskneftekhim on implementation of the project for deep petroleum refining based on a feasibility study conducted by the American firm ABB Lummus-Crest. The listing of infrastructure facilities includes a terminal for shipment of oil products on the Kama River. It is envisaged that the project will be accomplished in three phases by the year 2000. Production output must conform to the highest quality parameters with respect to ecological protection of the environment.

Concerned ministries, departments, and firms of the Tatarstan Republic have been directed to conduct appropriate organizational measures, including measures to attract financial resources so as to ensure the start of construction of the complex in 1996.

Participating in the work of the Presidium were R. Kharisov, deputy chairman of the Tatarstan Republic State Council, and N. Lemayev, president of the

joint-stock company Neftek-Tekhn. Tatarstan Republic Prime Minister F. Mukhametshin conducted the session.

R. Yarullin, president of the joint-stock company Tatneftekhiminvest-Holding, comments on the adopted decisions:

"Although our republic is one of the most highly developed regions and, most importantly—has its own oil, it has been compelled to date to purchase gasoline and other oil products in other regions. In 1993 the Tatarstan Republic Government adopted a resolution to study the possibility of creating a petroleum deep-refining complex in the joint-stock company Nizhnekamskneftekhim. A great deal of work has now been completed in studying world experience in this sphere. Numerous discussions have taken place with leading Western firms that have proposed their versions of creation of such a complex.

"As a result, at the Cabinet of Ministers session which took place last Saturday on this strategic—as the prime minister expressed it—issue for the republic, a fundamental decision was adopted and all the details worked out with respect to selection of partners, technologies, and sources of financing.

"What is the essence of this? To put it succinctly, the version that appeared to be optimal from all points of view—economic, technological, and ecological—was selected. Its implementation will enable Tatarstan to cover approximately twofold its requirements for all brands of gasoline, aviation kerosene, and diesel fuel, as well as to significantly strengthen the raw material base of our petrochemical sector—for the production of polyethylene and rubber, for example. In this regard, the depth of the oil refining will reach 95 percent (at Russian enterprises this index averages about 60 percent). Production output quality will conform to world standards, including with respect to content of harmful impurities, which will result in improvement of the ecological environment. This is 21st century technology, in the opinion of experts.

"Without any doubt, construction of this complex will require tremendous outlays, for which foreign investments will be attracted. The complex should pay for itself entirely four or five years after the start of operation. Multiple benefits will result from the judicious management of our own oil resources. As F. Mukhametshin emphasized at the session, it would be difficult to overstate the significance of the adopted decision in the strengthening of Tatarstan's economic might."

Samara Oblast Economic Development Viewed

954F2314A Samara SAMARSKIYE IZVESTIYA
in Russian 28 Apr 95 pp 1-2

[Report by Nik. Chaykovskiy: "Region's Economy as Appraised by Specialists"]

[FBIS Translated Text] A two-day regional theory-and-application conference "Stabilization of Samara Oblast's Socioeconomic Development: Strategy, Problems, Solutions" finished its work in Samara yesterday. It was organized by the Higher Economic Council under the head of the oblast administration, the Finance and Economics Committee, and the Samara Scientific-Research Institute of the Region's Economic Problems.

Opening the conference's plenary session, head of the oblast administration K. Titov emphasized that this event, on a subject that is serious not only for the region but for Russia as a whole, should be seen as a result of extensive work on the part of both the oblast administration and many thousands of people, who one way or the other have an interest in seeing economic reforms proceed.

The administration head called this representative conference a concluding event also because with all the obvious difficulties we are living through today, we nevertheless see positive trends in material production and the social sphere. It may change, but there is every reason to hope that these trends will become a turning point in overcoming the crisis. Provided, of course, that the policy at federal level will in the future meet the regions' interests to a maximum extent and they are given more rights.

Characterizing the main program direction of the administration's work in stabilizing the oblast's socioeconomic situation, K. Titov noted among them financial obligations—bills of exchange—in the amount of 16.2 billion rubles [R], issued by the oblast this year; the first successful issue of regional housing bonds; beginning the transition to investment decentralization; the large-scale "potato project," which is being implemented jointly with German companies and which was recently approved in the Russian Federation Government as a federal program (the oblast already is receiving orders for potato-planting and harvesting equipment being manufactured at enterprises converting from defense production); and a score of others.

The keynote presentation at the conference was delivered by G. Khasayev, first deputy head of the oblast administration and chairman of the Economics and Finance Committee.

During the first stage of reforms, he emphasized, a goal was formulated to shift their center of gravity to the

regional level. The result was, however, that the entire burden of reforms ended up on the regions' "shoulders." However, even in these conditions, by conducting an proactive policy one can lay the preconditions for economic stabilization in the future. At least the results of the first quarter are encouraging in the growth, albeit small, of industrial production. The oblast also was able to prevent a sharp decline in the population's standard of living.

Having noted that the new economy cannot be built on either populist slogans or academic ambitions, Khasayev elaborated in detail the strategic and tactical directions of its reform. In particular, he emphasized that today, when two-thirds of joint-stock companies are insolvent, it is impossible to make do without the bankruptcy procedure, whether enterprise directors like it or not. Regarding relations with the federal bodies of authority, he said that he would like to see the government policy flexible, comprehensive, and substantiated. So far, however, in his opinion the government's policy and program are disappointing in that they are full of unsubstantiated assurances.

Having listened to a score of other presentations, the conference participants continued discussions on economic and management problems in sections. The conference adopted recommendations based on the results of its work.

Samara Oblast Implements Small Business Program

954F2318A Samara SAMARSKAYA GAZETA
in Russian 11 Apr 95 p 3

[Unattributed report: "A Word in Support of Small Business: Program of State Support and Development of Small Business in Samara Oblast for 1995 Approved"]

[FBIS Translated Text] The development of entrepreneurship and small business in Samara Oblast is getting a lot of attention. Last year the oblast for the first time developed and implemented the Program for Support of Entrepreneurship and Small Business Development. The positive experience of its implementation demonstrated the correctness of the adopted methods of state support for small business and the priorities of its development. For instance, while the total amount of financing for the 1994 program amounted to about 15 billion rubles [R], the budget revenue from small business enterprises' operations amounted to about R180 billion.

The 1995 program takes into account the preliminary results of last year's program and makes the necessary adjustments.

The total amount of money envisaged to be attracted into implementation of the main provisions of the program is set at R29.434 billion. The oblast budget allocates R4.4 billion of that amount. Substantial support will come from the oblast population employment center—it plans to allocate R6.5 billion in 1995 for job creation in the small business sector. It is envisaged that the money for program implementation will come from banks, federal services, cities, and districts. Funds received from the implementation of last year's program are envisaged to be directed into financing of the 1995 program.

In its work on implementing the proposed measures and sectoral programs, the department of entrepreneurship and small business support will be working closely with the oblast population employment center, the territorial agency of the Federal Administration on Insolvency (Bankruptcy) Affairs, the migration service, bodies of local self-government, and sectoral committees and departments.

Volga Regional Development Discussed

954F2318B Samara SAMARSKIYE IZVESTIYA
in Russian 22 Apr 95 p 2

[Report by Nik. Chaykovskiy: "Big Gathering of the 'Greater Volga'"]

[FBIS Translated Text] A scheduled conference of top officials of executive and representative bodies of authority of Volga region oblasts and republics—members of the Greater Volga Association—was held in Samara. The conference discussed the results of last year's work, reports of the association's committees, the economic situation, and the prospects for the development of reforms in the region.

K.A. Titov, head of the Samara Oblast administration and the association's president, said in his report that although by now a certain abatement of the rate of inflation and a slowdown in price rises and production decline are noticeable in the country and the region, the situation in the economy nevertheless remains difficult. Take the rate of production decline. It is still high—22.8 percent on average in the Russian Federation, and between 15 and 30-40 percent in the Volga region. Naturally, these indicators are the highest in the association's five oblasts and republics with a high concentration of defense enterprises, especially considering that their structural restructuring and conversion are proceeding sluggishly.

The situation in agricultural production is no better. Its material and technical base are deteriorating, but the peasants cannot afford to purchase new means of production because of high prices.

Price dynamics, emphasized K. Titov, are determined by producer costs. The higher the costs, the higher the prices. And there is no way to bring them down other than by stimulating the growth of production forces, of large, medium-size, and small business.

Another thing that is absolutely obvious is that arbitrary methods cannot bring the monopolized economy out of the crisis. What is needed is an active investment policy, and it should be formed by the association members themselves, without relying on the federal authorities. The latter are not going to help because, since there is no revenue, no expenditures are envisaged in this line item.

In general, characterizing the main task for today—interaction and coordination of joint activities within the framework of the association with respect to stabilizing the economic situation—K. Titov proposed as a foundation a system of loans and shifting from intra-oblast loans to interregional ones.

"We have to work out an investment scheme," he said, "that would take us into the international market."

In his opinion, it is necessary to expand the association's participation in major banking projects, to insist more actively that federal authorities allocate preferential credits for the implementation of both regional and interregional projects and pay off the arrears for defense orders, and at the same time work on creating a legislative base for reforms at the regional level.

Several lines of work were identified as the most important for the Greater Volga territory in the work of association committees, whose chairmen reported on the work accomplished. They are the program of ecological revival of the Volga region; the program to create an integrated wholesale foodstuffs market and working out a mechanism for agricultural production's transition to the market; the study and generalization of the experience of Nizhniy Novgorod Oblast, where the decision to leave a part of defense enterprises' profits in the local conversion fund is being successfully implemented; and the program of placing in the Volga region machine-building and defense complexes orders for manufacturing agricultural equipment, in particular, for making potato-seeding and harvesting machinery, where Samara Oblast has been successful, and power generation equipment.

By the way, in terms of substance and the formulation of problems, the most eloquent report was that of A. Rodionov, chairman of the association's committee on power generation and deputy head of the Samara Oblast administration. He said that the wear and tear of equipment in the unified power generation system of the

Volga region now stands at 16 percent. By the year 2000 this indicator will reach 50 percent. The Saratov and Volga hydroelectric power station have already been on line for 30-40 years. We can no longer tempt the fate and wait for the power generation industry—a base economic sector—to become a bottleneck.

At the same time, emphasized A. Rodionov, in the current conditions, building large power generation complexes is difficult and costly. We need to implement within the association's territory a coordinated shift to the production of alternative sources of power supply—mini heat and power generation stations, mini power generators. The committee has not only a principal position on the subject but also a concept supported by the RAO [Russian joint-stock company].

The conference also discussed the question of lawmaking activities, state support for small and medium-size business, and a number of other issues.

Samara Oblast Organized Crime Activities

954F2318C Samara SAMARSKAYA GAZETA
in Russian 26 Apr 95 p 4

[Interview with A.M. Krupich, chief of the Samara Oblast Directorate for Combating Organized Crime, by M. Feofanov; place and date not given: "'The People Who Work Here Are Fanatics,' Believes A.M. Krupich"]

[FBIS Translated Text] The Directorate for Combating Organized Crime [UOP] of the Samara Oblast UVD [Internal Affairs Administration] currently keeps track of 10 large criminal associations consisting of more than 100 bandit groups. Stopping bandit formations' activities, combating professional extortion, protecting the economy from organized crime, and protecting victims, witnesses, and officials—this is a far from complete list of the UOP staff's official duties.

The official name of the unit has changed many times—UVD Sixth Department; UVD ORB [expansion unidentified]; UOP—but the need for the existence of such a structure and the effectiveness of its work can hardly be questioned by anyone. A.V. Krupich, chief of the Directorate for Combating Organized Crime of the Samara Oblast UVD, who agreed to give SAMARSKAYA GAZETA an exclusive interview, tells us about the daily routine of his directorate's staff.

[Feofanov] Aleksandr Maksimovich, it appears your wards are quite busy, are they not?

[Krupich] Since the beginning of the year a wave of contract murders has swept over the oblast. A group that arrived here to carry out "contracts" has been detained.

of various organizations, and representatives of the intelligentsia — were concerned to ensure the creation of conditions under which regional views and interests would be taken into account.

Commission Acquits Maritime Administration of 'Wrongdoing'

LD3005165495 Moscow ITAR-TASS in English
1540 GMT 30 May 95

[By Vladimir Konopliitskiy]

[FBIS Transcribed Text] VLADIVOSTOK May 30 (Itar-Tass) — A scandalous story which was building up around a probe into the fuel sector and the administration of the Maritime territory unexpectedly fizzled.

A governmental inter-sectoral commission chaired by Pyotr Karpov had gone to the territory to audit the handling of federal budgetary allocations by the territorial administration.

Itar-Tass was told in the administration's press service today that the Russian fuel and energy ministry agreed with reasons which the territory's experts presented for placement of the allocations in the power sector. Moreover, the ministry passed a resolution to issue a 300-billion rouble loan to the territorial power sector to support its programme of preparation for the winter season.

This repudiates numerous media reports and statements of high-placed government officials that the Maritime territory's authorities and Russian Far Eastern Dalen-ergo company are to blame for the power crisis which hit the territory, said Mikhail Savchenko, territorial deputy governor.

Savchenko met Karpov, the chairman of the audit commission, to hear that the commission had found no evidence of wrongdoing by the territorial administration.

Karpov said the commission's report to the government states the need for assistance to the Maritime territory's economy from federal authorities.

Far East, Transbaykal Lawmakers Session Reported

MK2605122095 Moscow SEGODNYA in Russian
26 May 95 p 3

[Report by Oleg Kryuchek under the "Association" rubric: "Justice Ministry Denies Registration to 'Far East and Transbaykal Region' Association. Local Observers, However, Think Their Organization Is Legal"]

[FBIS Translated Text] A regular sitting of the parliamentary "Far East and Transbaykal Region" association, consisting of the region's heads of legislative assem-

blies, looked mainly at organizational matters. Viktor Ozerov, head of the Khabarovsk Duma, told his opposite numbers from Maritime Kray, Amur Oblast, Jewish Autonomous Oblast, the Republic of Yakutia, and Sakhalin, that certain problems of "legislative trust" had been caused by the strange position of the Russian Justice Ministry. The latter has refused to register the legislators' association, citing the absence of a law on such entities. It had been found that they do not fit into the category either of public organizations or commercial organizations. Asked why associations of economic interaction were registered, after all, the Justice Ministry answered simply: There were corresponding directives from the president to this effect.

The officially unregistered regional parliamentary association cannot even open its own bank account. Mr. Ozerov, nevertheless, stated that the association of deputies is operating on a legal basis, for which reason equally legal is the decision by the heads of Far Eastern legislative assemblies who backed the Maritime Kray's stance on demarcation of the Russian-Chinese border.

Asked by your SEGODNYA correspondent if the local legislators have a single view of a procedure for the appointment of heads of administrations, those present answered that they all are unanimously for free elections of governors, as well as for governors to be exclusively heads of executive power rather than the federation components' top executives.

Chukotka Voices Anti-Moscow Sentiments

954F2356A Moscow SOVETSKAYA ROSSIYA
in Russian 20 May 95 p 2

[Article by Zhanna Kasyanenko: "Golden 'Tailings' Stretch From the Chukot Region to Moscow"]

[FBIS Translated Text] The Chukot Region [Chukotka] is the most distant Russian kray, and we rarely receive news from there: But chase after it here and there—and several million news items will develop! What at first glance is there of such a nature that would interest all the inhabitants of the country? There is no war, no murder scandals, no robbery of the century....

But a war is going on here as well. And there are also murders, although more, it is true, suicides, which also, however, are a consequence of this invisible, little-known war. It is a war with Russia, with its people, and with its economy. As for thefts—who knows!—perhaps here also the most important robberies of our state are committed. After all, you cannot see far from Moscow. And if people do see, then they keep quiet. Or do not fully understand, or do not want to understand. A former female worker of a gold processing enterprise on

sending the military and the police to Chechnya—32.7
 enterprise closings—12
 ecological problems—23.4
 crime—51.6
 crisis in the development of culture—5.7
 health care problems—11.4
 the conflict between the administration and the Legislative Assembly—4.1
 lack of professionalism on the part of the authorities—10.3
 excessive taxes—4.3
 development of the Yerunakovo deposit—1.4
 corruption, bribe-taking—6.6
 arrears in payment of wages—19.1
 inflation—31.1
 rising cost of municipal services—13.2
 authorities holding sway over the mass media—0.8
 unemployment—9.2
 elections to bodies of self-government—3.8
 gubernatorial elections—0.9
 strikes, threat of strikes—0.7
 none—1.0
 other—0.2
 no opinion—1.7

As follows from the table above, the Kemerovo regional branch of the Public Opinion foundation counted 20 such problems. Among the problems of greatest concern are crime (51.6 percent of the respondents named it), sending the military to Chechnya (32.7 percent), and inflation (31.1 percent). The following merited the lowest level of concern: the authorities' sway over the mass media; elections to bodies of self-government, which is not very surprising because the time of high political activism is over; and strikes or a threat of a strike, which is still somewhat strange for Kuzbass (the share of those who marked these problems amounted to 0.8-0.9 percent).

Kuzbass residents no longer actively react to the crisis in culture; they are tired of the conflict between the Legislative Assembly and the administration; the problem of the Yerunakovo coal deposit seems to them far removed from their daily life (5.7—4.1-4.2 percent). More or less at the same level is the reaction to seemingly excessive taxes. One cannot say that our compatriots are terribly concerned over the problem of corruption and lack of professionalism on the part of the authorities (8.6 and 10.3 percent, respectively). Almost the same may be said regarding the gap between the authorities and the people, and even such problems as health care, the rising cost of municipal services, and even enterprise closings or unemployment (no more than 15 percent).

In the Kuznetsk resident's view, a much more important problem is arrears in paying wages (19.9 percent). And ecological problems are seen as truly vital (23.4 percent).

On the other hand, there are people who are not concerned about anything, but few of them—0.7 percent.

Naturally, such problems as the crisis of culture, which evoke a rather indifferent attitude across the board, concern more the liberal arts intelligentsia, and almost not at all nonworking pensioners (1 percent). On the other hand, the liberal arts intelligentsia is not particularly concerned with the gap between the authorities and the people (9 percent identified this problem). Actually, the same goes for pensioners (14 percent). Higher and secondary school students, on the other hand, are quite worried about this (21 percent).

Naturally, working people are more concerned over the prospect of losing their jobs in connection with enterprises closing. This is quite a burning problem for workers in construction, machine-building, coal and chemical industry, and metallurgy (from 19 to 23 percent). It is of less concern to rural residents, persons working in light and food-processing industry, and financial organizations (from 6 to 9 percent); among state employees the level of concern is the same as among students and no longer working pensioners (8-9 percent).

Another interesting anomaly: Lack of professionalism of the authorities most concerns the category of people directly representing such authority, that is, the administrative staff of state bodies (24 percent). Rural residents are practically indifferent to their bosses' qualifications—2 percent. They probably have gotten used to it since the times of collectivization.

Let us repeat once again: Of the problems that could be state level, of greatest concern to a great many is Chechnya, environmental pollution, and, of course, crime.

New Bloc's Regional Branch Founded in Yakutia

MM2605140995 Moscow ROSSIYSKAYA GAZETA
 in Russian 26 May 95 First Edition p 3

[Report by Nina Pinchuk: "Region Supports Center"]

[FBIS Translated Text] Yakutsk — A regional organization of the new "Russia Is Our Home" electoral bloc-All-Russia public movement has been set up in the republic on the initiative of President Mikhail Nikolayev of Yakutia.

The participants in the constituent assembly — members of the government, Yakut parliamentarians, leaders

"Rostoblbytkomplekt" State Production Enterprise and the "Salskaya Obuv" Joint-Stock Company, to expand their circulating assets. A little bit less — R400 million — was extended to the "Donpetchat" Joint-Stock Company with which to buy newsprint and make copy books.

It is worth noting here that former defense enterprises have been given almost no credits at all — possibly because the territorial agency of the Federal Administration for the Affairs of Insolvency (Bankruptcy) put them all in the category of chronic debtors.

Kemerovo Oblast Assembly Backs Kuzbass-Wide Elections for Governor

954F2353B Kemerovo KUZNETSKIY KRAY
in Russian 22 Apr 95 p 1

[Report by Vasilii Popok under the "Authorities" rubric: "Return to the Soviet"]

[FBIS Translated Text] In the course of its session last Wednesday the oblast Legislative Assembly decided to rename itself a Soviet of People's Deputies and decided from now on to elect the governor in Kuzbass-wide general elections. So far this has only taken place in the process of discussing the oblast charter and the vote on some contentious points of this not-yet-adopted charter. The final version will require more discussion and new votes. An interesting collision arose in the process of discussing the problem of electing the head of administration: "Tuleyev bloc" deputies went to their own elections on the platform of general elections, but as supporters of parliamentary democracy they generally stand for legislators' nominating the head of executive authority. This is what they put into the draft charter, for which they got a lot of flak. Deputy Leonid Sergachev exclaimed: "We cannot allow the supporters of people's power to be defeated by their own weapons!" and proposed that his confederates stand firm on the bloc's election platform. Which is what they did.

Deputy Yuriy Chunkov, who heads the team of charter drafters, believes that the question is difficult by definition and disagreements are natural. Moreover, a change of positions in the process of drafting and discussion is inevitable. In short, the charter is something for the future. Perhaps not too remote future.

Also left for the future was the law on health care. The administration insisted on its adoption. The deputies had doubts. Finally, Bela Denisenko, a State Duma deputy from Russia's Choice and a medical specialist, said her word. Her opinion was that the law needed more work. And that is the way it was decided.

It was decided to appropriate the money teachers are asking for (actually, no longer asking but demanding — a teachers' strike is looming). The question of preferences for the mass media (obviously, those preferences within the power of the local authorities) was decided positively — a law was adopted in this respect. However, even before discussion and approval of the agenda, administration representative Yuriy Yevtyukhin rose and said that all questions that involve budget appropriations are not within the session's powers to consider. He was told that the budget has not yet been approved, and it is the Legislative Assembly that approves it, so everything is in order.

The request of Kemerovo procuracy to file criminal changes against Deputy Petr Fink was approved unanimously. So, they have surrendered one of their own after all.... But then a piquant detail came out: The oblast administration is challenging the law on deputy status; the matter went all the way to the Supreme Court, which will consider it on 5 May, and until the final ruling Fink in a way is without any status, so the procuracy request was in a way superfluous.

Another detail I brought back from the session: Deputy Governor for Agriculture Aleksandr Altergott refused to appear before the deputies without his boss' blessing to tell them about the state of affairs in agriculture, saying that the administration had decided to give Kuzbass full information on this question not through the deputies but through the press. I would like to express gratitude on behalf of the press, of course, but this was quite a childish way of choosing the method of another confrontation with the Legislative Assembly.

My personal impressions were these. For some reason the president's representative Anatoliy Malykhov was absent. My eyes kept falling on the empty seat in the presidium. Leonid Sergachev was a delight. His participation in the session gave it passion and meaning. The lack of choice of mineral water on the tables in the lobby was disappointing — only Borisovskaya. After all, our oblast also has Tersinka....

Kuzbass Poll Shows Crime, Chechnya 'Main Problems'

954F2353A Kemerovo KUZNETSKIY KRAY
in Russian 8 Apr 95 p 2

[Unattributed report on sociological poll commissioned by the oblast administration under the "Mirror" rubric: "Sociological Poll: What Kuzbass Problems Concern You?"]

[FBIS Translated Text] the gap between the authorities and the people — 13.1

The directorate's staff have investigated and collected proof of a score of crimes. The cases are in court. The analysis for Tolyatti and Samara shows that crimes are being committed by young people, 18-20 years old, without prior convictions. For remuneration. They are promised money, a car....

[Feofanov] What can you counter this with?

[Krupich] Honor and conscience. Our people value the title of an UOP officer. Without exaggeration, their work entails daily mortal risk, but personnel turnover in the directorate is insignificant. Those who are still with us are fanatics.

[Feofanov] What kind of prospects can your staff count on?

[Krupich] We have quite a few avenues for professional growth. The directorate has a Delta rapid response unit. It is staffed by young men who have served in special army units and have gone through special training. Other departments' staff go through training.

[Feofanov] But this is only one side of the coin....

[Krupich] When you work with personnel, it is hard to explain to them persuasively the lack of money for merit bonuses and maintenance. Sometimes we simply do not have money to pay salaries.

We cannot grasp some things in the work of the judiciary either, when we see the courts letting persons who have committed crimes go free. Why? Imperfect laws; lawyers "giving it all" for large fees?... Quite a few detainees have been released from the preliminary detention facility at the decision of the Sovetskiy Rayon court, where the facility is located administratively.

[Feofanov] Are there instances of crimes being committed by UOP staff?

[Krupich] The city procuracy is investigating a criminal case involving two of our former officers, who are charged with extortion and abuse of official position.... Before joining the UOP they worked as criminal investigations operatives in the Kirovskiy Rayon OVD [Internal Affairs Department]. Both have been arrested and are awaiting trial. This crime was uncovered by UOP personnel.

We know of instances of members of criminal groups misrepresenting themselves as members of the UOP rapid response group or UOP officers and beginning to "act." In addition to the actual damage inflicted by them in the process of committing a crime, they are also obviously pursuing another goal—to tarnish the UOP and its personnel.

[Feofanov] What is the most difficult part of your work?

[Krupich] The chronically unresolved questions that arise in crime-solving and investigation of criminal cases involving organized crime. There is no modern normative base; we operate within the existing old Criminal Code, while laws on corruption and organized crime still have not been adopted.

[Feofanov] How does the population of Samara and oblast feel about your personnel?

[Krupich] The population's attitude is gradually becoming more friendly. People are beginning to understand that we do real work and are ready to protect them. We have a department for protection and guarding of victims and witnesses, and when necessary we assign such protection. We have had no instances of attacks against those under protection.

[Feofanov] Is there something you would like to wish SAMARSKAYA GAZETA readers?

[Krupich] When a crime is committed, do not be afraid to come to the directorate for combating organized crime, to law enforcement organs. Do not seek "protection" from "umbrellas" and groups: Once you pay them, you will keep paying until you lose everything. The UOP UVD is a service that exists on the taxpayers' money and protects their interests.

And, of course, I wish you health, happiness, and a good spring.

Rostov Slights Defense Plants in Industry Promotion Plan

*MK2605115095 Moscow SEGODNYA in Russian
26 May 95 p 3*

[Report by Sergey Agafonov under the "Credits" rubric: "Rostov Oblast Administration Rescues Its Industry. Defense Industry Alone Gets Passed Over"]

[FBIS Translated Text] The director corps has pressed the Rostov Oblast administration into signing a decree "On Financial Backing for Rostov Oblast Enterprises. For enterprises of the agricultural machinery industry and of the military industrial complex (the "Salskselmash" Joint-Stock Company, the "Almaz" Joint-Stock Company, among others), the document extends the final deadline for paying off their credits issued from the Financial Support Fund to the most important sectors of the national economy. The others were extended credits at 50 percent interest from the same fund.

Credits of half a billion rubles [R], to be repaid before year end, have been extended to the "Kamenskiy Kirpichnyy Zavod" Limited Company, to buy equipment; the "Millerovoselmash" Joint-Stock Company, to organize and manufacture a grain cleaning unit; and the

Chukotka claims: Gold is being stolen! Moreover, on a scale far greater than jewelry. Knowing the technology, she explained how this is done.

Out of habit, Aleksandr Finogin, a mining expert, came to Moscow for the truth and for protection. He went to various ministries, and the State Duma. Some people did not listen at all, and others, if they do promise to help and look into things, do not say when. Having always stayed away from politics, and not being a member of a party, he intuitively began to approach the opposition newspapers, apparently feeling that the pro-government press is in agreement with those who are ruining the country. Here in Moscow he joined a party of communists, explaining his action this way: "When I saw that there were people who oppose this authority, a hope sprang up in me. We must do something, we must help ourselves once again become the masters in our own country, and stop its plunder and destruction."

The disintegration and impoverishment on Chukotka are doubly terrible. People there are becoming prisoners of the North. Today a flight from Chukotka to the mainland costs about 3 million rubles. Where is this to be gotten, when many enterprises have not been receiving wages for a year, and former savings were eaten up in an instant by Gaydar's reform. And that is the way they are living: They have no money to fly to the mainland, and there is no place to fly to, no one is waiting for them here or readying housing for them. Living in settlements that are being systematically destroyed because the production that gave them life is being reduced, being cold, already forgetting about the former social and cultural blessings, and sliding slowly into an uncivilized state was becoming unbearable. The situation is being made more difficult by everyone's dependence on the will of the local leadership, which set up the Gulag imeni Yeltsin for greater persuasiveness and its own protection.

The lowering of the standard of living to absolute zero is a direct consequence of the decline in production, which obviously fell into the same hands. While in previous years the Polyarnyy ore-concentrating combine alone produced 27 tonnes of gold annually, its output now has been reduced by almost a factor of 10.

The general strategy of the breakdown of the country is evident to everyone today. But in each individual case it has its own technology and tactics. And there are always people who are the conductors that put these tactics into practice.

Something very close to this scheme also occurred with the Polyarnyy ore-concentrating combine. A labor collective conference was held here at the end of 1991 and attended by Kiryanov and Zhurkin, managers of

the Magadan Oblast trade union council. They enticed the workers with independence and advised voting to pull out of the Severovostokzoloto organization, with whose officials gold prospectors were compelled to share profits for organizing their work and way of life. As it now is becoming clear, it was even organized quite well. But the workers then thought differently: We will be our own bosses, and we will live in grand style. Although they did not live badly even before this, it could not be compared with today's life, but they wanted it even better. So that it would become really good, they elected a new director, Mikhail Mineyev, an electrical fitter.

The year 1992 was already at hand. Trips by the newly fledged director Mineyev to Moscow, the fuss about converting enterprises to joint-stock companies, and the conduct of auctions had already started. The separation of the combine from the main organization and its conversion to a joint-stock company was also supported by Administration chief A. Nazarov. He himself at this time tried to achieve independence: The chair of the president loomed ahead. For him, quite naturally, the interference by some kind of main organizations in the affairs of sovereign Chukotka was not good at all.

It is not known how matters would have proceeded with the separation and the conversion of the gold mining enterprise if the law adopted by the then Supreme Soviet of Russia which, in fact, transferred the right to deal with any Russian property to Mr. Chubays, had not arrived here on time. After this the fate of the combine and, naturally, of the republic's gold was decided. Mineyev visited the Goskomimushchestvo [State Property Committee] frequently and, of course, he was authorized to conduct privatization. The deal was done. Of course, not so that the shareholders from the rank and file workers would get rich and prosper. Not so that the combine would build up capacity and supply the precious metal to Russia. Soon Mineyev himself, with whose hands the destatization of the strategic enterprise was created, ended up without a job.

The imaginary shareholders, which the workers of the combine became, were already not deciding anything. Other persons came into the arena. For example, Ye. Fonbershteyn and V. Yemelyanov, with their families and others. Mineyev signed a founding contract with the Moscow engineering-technical center Power Pulse Systems on the creation at the combine of the scientific production enterprise Azredmet. The task of this enterprise was to extract gold from the so-called "tailings"—production residue products. The work, of course, is useful, but a very fascinating situation was being created. It consisted of the fact that the gold that was extracted according to the methods of this enterprise was not taken

into account and was not considered a product of the combine, and the control of the "first department" did not apply to it. According to the contract, the combine received 10 percent of the profit from the sale of what gold was extracted from the "tailings," and the business was limited to this. It is also interesting that the processing of the "tailings" was conducted in the panning season, and the officially indicated yield of metal from the sand in this period was reduced for some reason. However, the sand simply could have been poor. But it can also be conjectured in exactly the same way that industrial gold was being dumped into the "tailings" deliberately. Worker N. Koreneva told this to the Moscow commissions, including the commission from the Control Administration of the president from the FSK [Federal Counterintelligence Service]. She worked in an ore concentration factory and was herself a witness to these machinations. But the commissions departed, and the process continued. It is also going on now, although Mineyev was replaced more than a year ago by another director—Roman Isayevich Isakov.

The law on privatization was violated at the meeting of the shareholders of the Polyarnyy GOK [ore concentration combine] that elected Isakov, who promised the people both wages and care, according to a tradition that had already set in. Although it is difficult to think of a more antipopular and antistate law, its scope also proved restrictive for people who were dying to own gold. The violation consisted of the following. A. Barsukov, the chairman of the okrug property fund who attended the meeting, was for some reason so interested in seeing to it that specifically Isakov became the director that he violated the law and voted 49 percent of the shares of the enterprise belonging to the fund, although out of the 49 percent there were only 20 percent who voted.

There are several ore concentration combines on Chukotka, not only the Polyarnyy combine. It simply turned out to be the first swallow and the first victim of privatization. The matter was already significantly simpler with the others. By the edict of the president of 23 May 1994 they were automatically converted to joint-stock companies.

It is difficult for me to judge now to what extent Roman Isakovich legally and justifiably became practically the full boss at the Iultin, Bilibino, and Pevek combines, and brought them, together with the Polyarnyy combine, into the structure of the Ryveyem closed type joint-stock company. But it is an obvious fact: There was a concentration of deposits and processing enterprises in the same hands. As usual, the shareholders—laborers and clerical personnel—were made fools of. They had not received wages for months, and their shares of stocks were being bought from them on the cheap.

Perhaps the concentration of the main wealth of Chukotka in the same hands is already alarming even the mayor of the okrug. After all, Isakov is declaring in his speeches more and more often that he is the sole boss of Chukotka and that everything here belongs to him. Well, you see how everything has turned around. And there is no one to complain to. Was it perhaps this that Mr. Nazarov was expecting when he fussed about both the separation of the Polyarnyy GOK from Severovostokzoloto and the separation of the kray from Magadan Oblast, and was it really this kind of gratitude that he expected from the president when in September 1993 he sent him telegrams of sincere support for Edict No. 1400?

It is impossible to say that the president remained entirely deaf to the needs of Chukotka. He was informed of the fact that people were going hungry and freezing, that pensioners did not have the wherewithal to travel to the mainland, and that production was deteriorating without new equipment and diesel fuel. The consequence of this information was three presidential directives, according to which the okrug was authorized to sell nine tonnes of refined gold for hard currency and direct this money to the resolution of social problems and the development of production. The directives were published on 10 June 1994, 16 December 1994, and 2 February 1995. A conference was held on 1 March at the Committee on Precious Metals, where a document was publicized that attests to the fact that the administration of the Chukotskiy Autonomous Okrug put \$20 million on deposit at an 8 percent annual interest rate in Most-Bank and Presnya-Bank in Moscow. The figure of \$13 million was also mentioned, which allegedly was directed to the construction of housing in the central rayons of Russia for residents of the Far North. An extremely strange situation arose.

The fact is that there are several documents in front of me from various offices which indicate that the Chukot administration did not receive even a kopek either in 1994 or in 1995 for the resolution of social problems and the construction of housing in the central rayons of Russia. This was reported by Yu. Yeregin, representative of the president in the Chukotskiy Autonomous Okrug, V. Vildyaykin, first deputy chief of administration of the okrug, and other officials. Excuse me, but where are the millions of dollars that were made from the sale of the nine tonnes of refined gold?

....As before, Chukotka is without wages. The buying up of shares of stock of gold mining enterprises for 5,000 is already going ahead full speed everywhere. Shooting is also taking place in Chukotka. In order to feed their families, people who are reduced to extremes are going out hunting. They are killing wild reindeer and sea

animals. And in the settlement of Mandrikovo a group of "freelance marksmen" wandered into preserve hunting lands, entry to which is prohibited to mere mortals. An OMON [special purpose militia] group from Anadyr was sent willy-nilly "to bag" the hunters: Do not tread on manorial lands! This time there were no victims or serious injuries. But next time?

Economic Issues

Rising Ruble, High Inflation Examined

MM3105072095 Moscow *SEGODNYA* in Russian
31 May 95 p 1

[Report by Andrey Grigoryev under the "Money" rubric: "Inflation and Ruble Rate Move in Different Directions"]

[FBIS Translated Text] The results of yesterday's trading at the Moscow Interbank Hard-Currency Exchange — the dollar fell below 5,000 rubles [R] — are very symbolic. Throughout May, the dollar never exceeded R5,130 — the level at the start of the month. Its periodic fluctuations were seen primarily as consequences of the new reserves procedure, but the ruble's rise during the week signals a new situation on the financial market. Yesterday, the dollar cost the same it did on 11 April, reverting to the former R4,995 mark. Thus, if you sold hard currency early in April, you could have earned a profit on the ruble for more than a month and a half. This operation was earning a minimum of 7 to 8 percent a month in interest on deposits in the more reliable banks. Hard currency deposits bring in 2 percent a month at most. This simple arithmetic explains the constantly rising offers for hard currency. Today it seems, the process has entered a stage of self-replication — the faster the rate grows, the faster those who have dollars are ready to get rid of them.

Neutralizing this speculation merry-go-round is possible by lowering inflation. This is expected to result in what Anatoliy Chubays discussed with such optimism and hope at the congress of the Association of Russian Commercial Banks — a similarity between the rates of hard currency and ruble deposits and credits. Despite the fact that many banks, and primarily Sberbank, announced a lowering of rates, however, inflation in May is not going to be much lower than it was in March and April — 7.8 percent, according to preliminary forecasts.

Thus, the change in the movement of the dollar rate is not attributed in any way to the current inflation situation. In the words of Aleksandr Potemkin, Central Bank Main Hard Currency Administration chief, "the dynamics of the rate are running ahead of the situation at the market." The reason exists in the extent of

dollarization of the national economy and the size of dollar accumulations. In Mr. Potemkin's view, "this is a fundamental factor."

That "the Central Bank has let the rate move in the opposite direction" does not at all signify a change of the rate policy. The Central Bank's position is, in fact, forced. The Central Bank can of course hold back and even lower the ruble rate; this, however, would increase the money supply and, in the final count, inflation. Today's situation is beginning to resemble 1992 and especially 1993. The ruble was growing stronger at that time, too, but in the fall, all stabilization efforts went up in smoke. One should remember here that the financial stabilization problem consists not only in limiting the issue of credits and refusal by the government to gratuitously support noncompetitive production. The ruble's strengthening is extremely painful precisely for relatively successful Russian producers — exporters. In the meantime, the recent growth of the Deutsche mark against the dollar caused very serious problems for the rather successful German economy. So, the strengthening of the ruble, which appears optimistic at first glance, is going to cause the government rather serious problems given continued high inflation. The upcoming election will hardly help their adequate solution.

Import Duties To Raise Food Prices, Cut Supply

MM3105081295 Moscow *IZVESTIYA* in Russian
30 May 95 p 1

[Article by Valeriy Konovalov: "Russian Government's Attack on Food Imports Could Empty Stores in Moscow and Other Cities"]

[FBIS Translated Text] Virtually every month over the past year has seen another Russian Federation Government decree issued on import duties. One document amends another, clarifies it, updates, or simply rescinds its predecessor partly or fully. This, apart from anything else, is the result of the struggle between departments, lobby groups, and governments in the major cities. One side is apparently concerned about the interests of Russian producers — and since we are talking about food-stuffs, that means Russian peasants specifically — while the other side is concerned about ensuring food supplies for citizens. But are the interests of these population groups actually so contradictory? The peasants will hardly benefit if city buyers are on hunger rations.

This is not an abstract issue, but an extremely practical one. The situation in the food stores of our major cities is once again being exacerbated by the recently published Russian Federation Government decree "On the Ratification of Import Customs Duty Rates." The

increase in import duties in conjunction with the introduction of VAT and a special tax on food imports have sharply increased the cost of certain basic foods. This applies above all to the large industrial cities such as Moscow, St. Petersburg, Yekaterinburg, Nizhniy Novgorod, Chelyabinsk, and others, which are mainly dependent on food suppliers. Partnership ties are no easier with Russian suppliers; on the contrary, they are more difficult. Thus, the Moscow experience of recent years shows that Russian producer regions are only able to reliably and regularly meet 15-20 percent of the consumer demand in the capital for basic foods. The situation in other large cities is similar.

The new customs duties come into force as of 1 July irrespective of when contracts were concluded. This means that the situation in the marketplace could start changing far sooner. In what direction? That is entirely predictable.

Basic calculations by specialists from the Moscow City Government's Food Resources Department show, in particular, that as a result of the introduction of the new import duty rates:

- the retail prices of meat, poultry, dried milk, and butter will immediately rise by around 40 percent;
- the retail price of beef will rise by 70 percent; and
- the retail price of sugar will almost double.

If the total cost of the new consumer basket is calculated, it will be beyond the means of many Muscovites and the inhabitants of other large cities, as well. Those living in villages, small towns, and agricultural region centers and those who are partly self-sufficient, will do somewhat better, but their advantage will not be great and will not last long.

The experience of the past year shows that Russian food prices follow imported food prices. It could not be otherwise. After all, peasant producers hardly benefit at all from an increase in import duties. Their share of food retail prices is small — the lion's share goes to local processing monopolies and the trading sector. They will indeed benefit from this latest curtailing of foreign competition, but the ordinary customer will again lose out in a big way. Not only will imported foods become more expensive, but it is also quite possible that there will be a fall in supplies. It will not be profitable to import them because the population's buying power will not be growing at the same rate. There will not be any more Russian food available; after all, combating imports will do nothing to encourage their production. For this we need quite different measures that peasants are indeed waiting for — the creation of a full-fledged land market, an agricultural cooperation system,

the demonopolization of processing, real ownership rights....

Impediments to Tax Reform Viewed

954F2376A St. Petersburg NEVSKOYE VREMYA
in Russian 24 May 95 pp 1, 3

[Article by Dmitriy Travin: "Tax-96: Reform With Brakes On"]

[FBIS Translated Text] When representatives of the Russian Government are asked how it is that they are not afraid to pile up such a huge state debt formed from sums borrowed from international financial organizations and from its own people, the answer is often simple: This is a transition year. We must rebuild our inefficiently operating tax system. During the transition the country needs loans in order to cover the budget gaps that inevitably form at such a time. A new tax system is supposed to start with next year, which will make it possible to maximally reduce the size of the budget deficit and the rate of inflation. It is then that we will be able to do without such enormous borrowing.

Doubts as to the correctness of such arguments arise only when we learn that next year Russia would not be averse to taking still another loan from the IMF, and that such has already been placed in the draft budget. It is possible, though, to judge the correctness of these approaches in full measure only after analyzing the tax reform that is being proposed for the country. If the kind of collection means will really be found that finally ensure approximate equality of incomes and expenditures, of course, the state will not go bankrupt. How the government is thinking about reforming the tax mechanism can be judged by the Tax Code that was prepared in the Ministry of Finance today. Its initial variant is being widely discussed. In particular, a seminar was held at the end of last week in St. Petersburg, organized by the well-known political figure Petr Filippov, at which a representative of the Ministry of Finance recounted what is in store for us in the near future.

The main troubles of our tax system are well known. We are unable to collect money mainly for two reasons. First, a massive evasion of payments has seized the whole country. Second, the inability of a number of enterprises to give the state at least something, inasmuch as the payers themselves are on the verge of bankruptcy. The arrears in taxes makes it necessary to support a taxation level that is too high (according to the principle: We will make whoever cannot evade them pay a little more), and he, in turn, will stimulate enterprises to

search more intensively for opportunities not to pay (tit for tat).

The Ministry of Finance took a path, which at first glance was somewhat logical and effective. It is necessary to create the kind of conditions in which everyone will pay taxes equally. Shifting the burden from some backs onto other backs cannot be tolerated. This principle, incidentally, is also used actively in the West where, as a result, general respect for tax legislation and fear of evading payments has evolved. Whether it is Gazprom or a small private store that sells beer, all must give part of their income to the state.

On this basis the tax code comes out in favor of the abolition of all kinds of tax privileges, which are so widespread in our economy today. The president recently abolished a number of customs privileges. Now the matter should also extend to tax privileges. After all, even entire republics have received exemptions from payments in our country (for example, the treatment of Ingushetia as a favored economic zone).

Another method of equalizing conditions is changing the time of tax payments. Today a vendor can settle after he has received his income. The draft tax code proposes that he do so after he has delivered a product and received the right to the income. Indeed, should the state really wait until the purchaser settles, when the transaction has already been consummated?

These and a number of other modifications (for example, the tax on above-norm wage funds is very vexing to enterprises) are bringing our tax system closer and closer to that which exists in the West. It is possible that just a few years ago one would have been happy at such progress, inasmuch as that which was advantageous in some countries should also be used in others. However, the measures being proposed by the Ministry of Finance, as a matter of fact, are not any kind of tax reform. They do not envision radical changes in the entire structure of revenue for the budget, retaining the main burden on those taxes that have been used in recent years—the tax on profit, VAT, and income tax. Where then do the hopes that revenues will increase in the main come from?

The abolition of tax privileges is nothing more than a happy wish for the time being. After all, privileges are given not because the president does not understand how this "freebie" influences the budget. There simply are global political or political intrigue interests, before which the budget is only a detail. For example, there was a desire to create a model Caucasus republic out of Ingushetia which graphically demonstrated how bad it was to separate from Russia and how good it was to be obedient. Today the war has removed any need

for political bribery and, after all, whips have not been introduced throughout Russia. There are crowds of lobbyists who are trying to prove the need for tax privileges in a number of cases.

It is only possible to force an enterprise to pay tax before the receipt of profit when it is completely financially sound. But in many cases the treasury, nonetheless, will not wait for the money, and the financial position of the payer will be undermined.

According to the logic of the Ministry of Finance, tax reform as such already occurred in this country in 1992. At that time, after doing away with the socialist principle of confiscation of practically all the money earned by enterprises and introducing VAT, we approached international practice as much as possible. Now, any cardinal changes will only divert us from the main route. The authors of the Tax Code, of course, can call what they are planning to introduce today reform, but if strict requirements are adhered to, such a high-flown word can hardly be employed.

However, another approach can also exist, which is based on an understanding of a quite simple fact. Our state apparatus (including the tax system) is still very weak for us set our hopes too much on its capability. To insist on an equal measure of responsibility on the part of all enterprises for the payment of taxes is unquestionably reasonable and progressive. But is it not better to recognize that such a requirement assumes the ability to verify the financial status of each payer at least once in two to three years? Without the fear of punishment there cannot be any normal tax discipline.

It is absolutely absurd to expect such efficient action by the tax services. The problem of a shortage of qualified personnel arises (rackets, after all, also need their own "tax inspectors," and "godfathers" can pay more for the work than the state structures). The question of modern technical equipment is equally critical. Indeed, corruption in the state structures themselves plays a role of no small importance (the tax at times goes directly into the pocket of the official who is supposed to strive for its payment to the state). As a result, whether we like it or not, it is necessary to resign ourselves to the fact that we will be able to conduct effective tax control in the next few years only with respect to a relatively small number of enterprises. The idea of fairness of tax confiscation directly contradicts the idea of the economic efficiency in the work of the tax services.

However, it is not worth getting too upset over this. After all, even the receipt of the lion's share of all taxes is possible only with a relatively small number of enterprises. Small business in the whole world produces an insignificantly small percentage of revenue

for the treasury. We also have in this country, it would seem, such profitable spheres as heavy machine-building, instrument making, military business, etc., but they are in such a deplorable condition that they cannot be seriously considered a source of state income. A very limited number of enterprises remain that are associated principally with the extractive branches (oil, gas, nonferrous metals) and the financial sphere (banks, insurance). Well, the tax services should see to it that this chicken, which lays golden eggs, does not slip by the state basket.

This concern can be expressed in two ways. On the one hand, it is advisable to pay principal attention to precisely these enterprises in the sphere of control over the correctness of tax payments. Foreign experience can be used here, in which specialists of the tax services continuously work with such leading payers. But on the other hand, the tax mechanism itself should be built in such a way that a known share of the income of these enterprises is collected on absolutely legal grounds.

Economists have long been considering the possibility of transferring the main burden of payments from traditional taxes to rent. In other words, extractive enterprises that receive a significant part of profits owing to the fact that they use highly effective deposits should share with the state. The more natural conditions contribute to an increase in profit, the more they should give back to the state. According to some estimates, such rent payments could produce income for the treasury comparable to the income received from all the rest of the economy. Indeed, for this it is necessary to let the oilmen earn everything they possibly can.

Under the conditions when the export of raw materials was artificially restrained and a large share of the oil of enterprises had to be sold in a compulsory procedure on the domestic market at prices that were low in comparison with world prices, the state was also unable to receive everything it was due. A liberalization of exports occurred at the beginning of this year, which was supposed to gradually lead to an increase in the export of oil and, correspondingly, to an increase in the incomes of producers and exporters. If it were possible with the help of rental payments to collect the excess profits from this relatively small group, the condition of the Russian budget could be improved to a significant degree.

It would really have been possible to call the transition to a system of payments for resources tax reform. But its introduction is associated with serious difficulties. For example, it is necessary to determine the kind of level of payments that, on the one hand, will not deprive enterprises of the incentive to work, and on the other,

will make it possible to confiscate excess profits. It is difficult to find the golden mean. What is more, inasmuch as one mineral deposit differs from another in the wealth of its seams, convenience of exploitation, remoteness, etc., payments will have to be differentiated for each enterprise.

There is still no firm conviction that freedom of foreign trade will not be abolished. After all, to the extent that exports are increased, domestic oil prices will increase. Payment for energy sources will gradually become difficult for many enterprises. Bankruptcies will occur, and unemployment will increase. It cannot be ruled out that at that moment the government will want to support those who suffer a calamity by freezing, for example, oil exports. Then the incomes of exporters will fall, and budget revenues will once again be reduced. It is possible that for the time being this is keeping the Ministry of Finance from developing a really radical reform.

Belyayev on Privatization's Second Stage

*MK3005111095 Moscow KOMMERSANT-DAILY
in Russian 30 May 95 p 2*

[Report by Vladimir Knyazev and Viktor Melnikov under the "Privatization of Enterprises" rubric: "What the State Property Committee Chairman Is Afraid Of"]

[FBIS Translated Text] Apparently Sergey Belyayev is afraid of "getting involved with the countryside." He made this admission before participants in the conference of the Association of Ural-Siberia Region Privatization Management Bodies which ended in Tyumen 28 May.

The association was created two and a half years ago by state property and fund management committees of Kurgan, Orenburg, Perm, Sverdlovsk, Tyumen, and Chelyabinsk Oblasts. The association members hold a session once a quarter, by rotation in each of the oblasts. The association is headed by Gennadiy Burtsev, chairman of the Tyumen Oblast Property Management Committee.

The main subject of the presentation by the State Property Committee chairman was the 11 May presidential edict On Measures To Ensure Guaranteed Payment Into the Federal Budget of Revenues From Privatization. Sergey Belyayev stated quite bluntly that now that the edict has come out, one can say that the go-ahead has been given to the second stage of privatization. Comments and appraisals by Belyayev himself, who assisted in the promulgation of the edict, are fairly well known. More interesting is his information about the practical steps already made in implementation of the

edict. Belyayev noted in particular that in two weeks the federal commission led by Anatoliy Chubays will make public the list of enterprises whose sell-off has been prohibited. In another country such a statement would have aroused no interest because the term cited by Belyayev fully corresponds to the time frame envisioned under the presidential edict for the drawing up of a "black investment list" (a month after publication). The determination to execute an assignment within the established time limit, however, is not typical in Russia. It will be recalled that of all the directives issued in 1994 to government structures as of now, no more than 20 percent can be considered as fulfilled. Signs are that in this case Sergey Belyayev spoke on behalf of his department, upholding the ideology of the speediest possible transition to selling state blocks of shares. It is not ruled out, however, that the upbeat statement by the State Property Committee chief does not quite reflect the intensity of departmental struggles that have unfolded around the list. Because it was not the State Property Committee but the government which was entrusted to prepare the list of enterprises, the process could drag on.

In approximately two weeks, according to Belyayev, the methodology of defining the prices of these enterprises' stock will also be worked out. According to the State Property Committee chairman, at this point one can stop "talking about the sellout of the Motherland," although representatives of parliamentary and extra-parliamentary opposition would, in all likelihood, respond to this that the talk is only beginning. In any event, in the course of election struggles, the State Property Committee will in no way manage to avoid a new wave of politically based accusations related both to the voucher and monetary stages of privatization.

It is not ruled out that it is this kind of misgivings that lie behind Belyayev's persistent recommendations to abandon such a method of sell-off as investment tender (many in Moscow believe that so far not a single investment tender has proceeded without some kind of violation). Instead of tenders, Belyayev, addressing his junior colleagues, proposed to make a broader use of auctions, whose more open and simple order of organization leaves fewer opportunities for attack on privatization bodies. At the same time, Belyayev sought to distance himself from the games played by local elites around the sell-off of state property, reproaching provincial leaders that the list of enterprises subject to sell-off, which was published on their recommendation, abounds in mistakes. The State Property Committee chairman stated that to date the blocks of shares of several hundred enterprises have not been realized and are to go the path of inter-regional auctions. Curiously,

according to Belyayev, operations with these securities should be handled by authorized regional banks while Moscow financial structures will stand aside.

Belyayev also noted that some territories "illegally hold" federal blocks of shares. But while the State Property Committee chairman only mentioned this issue in passing, the territories consider it among the most sensitive. It is an open secret that the Urals and Siberia do not harbor any particularly tender feelings toward the center. In the recent period regional separatism has been intensifying — owing to a weakening of bonds in the so-called single national economic complex. Having no control over property in those sectors constituting the basis of the local economies, however, local leaders will hardly be able to satisfy their ambitions. Privatization seems to have given them a chance to take charge but the regional point of view is as follows: The local administration can administer a laundry but not an oil field.

Here is a shining example. The fuel and energy complex of Tyumen Oblast has in effect moved outside the sphere of influence of local administrations. According to Aleksandr Kolosov, deputy chairman of the Tyumen Oblast Property Committee, "we were not even allowed to approach its privatization." Therefore at the conference, Tyumen Governor Leonid Roketskiy asked Belyayev directly whether the State Property Committee is thinking about sharing some of its fuel and energy complex stocks with the territories. Belyayev should be given credit for being laconic. "It is thinking," heard the audience, frozen in anxious expectation.

A conference with the prime minister set for 3 June may clear things up a little. Even so the State Property Committee chairman chose not to anticipate its outcome. Today one can only predict that at the second stage of privatization the struggles over property between the center and the territories will exacerbate: Primarily because the regions have accumulated some experience of sectoral and political lobbying. True, it seems that the methods of struggles will for the most part be the same: trolling the Moscow corridors and the traditional plea "to give." As for the countryside, which Belyayev is so unwilling to get involved with, it is clear what is at stake: land.... Given the complicated game started by the premier with the agrarian voter, the moment the State Property Committee engages in privatization of the countryside, Belyayev will immediately find himself between a rock and a hard place. And this is the worst possible position in which an official can find himself.

Development of Budgetary Federalism Examined

954E0922A Moscow *FINANSY SSSR in Russian*
No. 4, Apr 95 pp 3-7

[Article by A.G. Igudin, sector chief of the Scientific Research Institute of Finance and candidate of economic sciences, under the "Finances During the Transition to the Market" rubric: "The Establishment and Development of Budgetary Federalism in Russia"]

[FBIS Translated Text] Federalism may be considered relations, in a state with a federal system, between the central organs of power and the organs of power of the subjects of the federation regarding powers and functions delimited between them. This begins with the task of combining the principles of centralism and decentralism to the degree to which they most ensure the unity of public interests and the interests of the population living on the territory of the subjects of the federation and the administrative-territorial formations that are part of them. Budgetary federalism reflects these same relations on the same grounds in terms of delimiting budgetary rights and powers, taxes, and expenditures between the federal budget and the budgets of the subjects of the federation, and in addition within the latter between the regional (republic, kray, oblast, or okrug) budget and the local budgets.

Interaction between the links of the budgetary system is carried on through the mechanism of interbudgetary relations. The basic principle of these relations is a combination of statewide and regional interests, including the interests of local budgets, accompanied by a relatively high degree of independence regulated by the state of national-state and administrative-territorial formations that are part of the federation and their budgets.

Under the USSR, although formally the state had in fact been declared a federative state, it was in reality a unitary state. Moreover, the constitution in effect at that time envisioned broad rights for subjects of the Union, even to the point of withdrawing from the federation. This even gave certain foreign researchers grounds to classify the former USSR as a confederative state. (Footnote 1) (Filipp Le Ueru: "Decentralized and Tax-Budget Disproportions in Regions of the Russian Federation," World Bank, 1993, p 2) However, in practice under the command-administrative system of government and a strict centralized planned economy, many of these rights fixed by the Constitution could not be exercised. That does not mean that elements of budgetary federalism did not function at all under the USSR and that seemingly experience on this issue can only be derived abroad. Even under the procedure in effect for ratifying the unified state budget of the USSR, including the budgets of the Union republics (a similar approach was used in

these republics when their state budgets were ratified, and when the consolidated budgets of the lower-ranking territorial level were ratified), the organs of state power of any level had the right to ratify the budget independently and definitively determine its volume in terms of income and expenditures with consideration of the budget regulation indicators established for them from above and the financial opportunities they had.

The following example can be used to show that the principle of a combination of statewide interests and the interests of individual territories as a manifestation of budgetary federalism found realization to one degree or another in conditions of the former USSR. Let us take the system of normative deductions from regulated incomes. In order to obtain its share in the corresponding territorial budget under the established deductions norm, the subordinate territory had to make certain that the budgetary system, and that included higher-ranking budgets, among them the Union budget, received the entire sum of the regulated tax within the set times.

All this suggests that the sequential principle must not be ignored in work to refine interbudgetary relations in the Russian Federation.

The condition of budgetary federalism is to a certain extent characterized by the degree of centralization of capital in the country's budgetary system. According to the 1994 results, the federal budget's proportion of tax revenue came to 50.9 percent (Footnote 2) (With consideration of higher revenue for the federal budget based on the total the regions transfer into their own budgets in connection with the higher norm for deductions from value-added tax using transfers from the Fund for Financial Support of Regions due them.) (the plan was 57.7 percent), while for expenditures the figure was 50.6 percent (60 percent). That is less than in 1992 (55.9 percent for income and 61.4 percent for expenditures). Both the shortcomings of forecasting, and incomplete collection of taxes and the erratic receipt of tax revenue during the year, which substantially delayed financing of expenditures, affected the substantial gap between the plan and actual data.

The failure of certain subjects of the Federation to comply with Russian Federation [RF] legislation in terms of distribution of taxes among levels of the budgetary system also had an effect. Some of them switched to the single channel system of accounts with the federal budget without prior arrangement, which forced the RF Government to conclude the appropriate agreements with them without the Federal Assembly's authorization. Attempts to apply sanctions against the offending regions did not prove to be effective enough, since ultimately they also affected the interests of those

subjects of the Federation with which these regions had economic ties. At the same time there are circumstances that seem to encourage the subjects of the Federation to switch to individual agreements on interbudgetary relations.

The expenditures of all territorial budgets for 1994 came to 110.8 trillion rubles [R]. Only R24 trillion or 21.7 percent was covered by assigned income, that is to say, income the corresponding budgets received in full or in part on a long-term basis. And R86.7 trillion or 78.3 percent was recorded on the basis of budgetary control. Of that, R64.7 trillion were deductions from regulated income established on the basis of annual norms, and R22 trillion were direct financial aid from the federal budget in various forms (subsidies, transfers, subventions, capital from mutual settlement of accounts, and short-term loans from the federal budget).

Thus there developed in the Russian Federation an extremely broad sphere of interbudgetary relations, the result of the large volume of counter financial flows, which in itself creates the prerequisites for exacerbated budgetary relations. What causes this? Back under the USSR, in trying to alleviate the exacerbated contradictions between the center and the regions, they switched to single norms for deductions from regulated income. This made it appear that the approach to all territories was equal. But such an impression was deceptive. For the tax potentials and levels of development of the social infrastructure were not identical. Single norms do not perform a regulatory function. How can they do this if they are identical? As a result, the number of subsidized budgets increased.

In 1993 an attempt was made in the Russian Federation to return in part to differentiating norms, notably from value-added tax. Differentiation was conducted within restricted limits—from 20 to 50 percent without developing a unified (formula-based) method for determining them, for the most part on an objective basis. This produced certain disagreements with the subjects of the Federation. As a result, the number of subsidized budgets rose sharply. Of 88 regions, subsidies (or subventions to the city of Moscow) were envisioned for 54 (61.4 percent). Only single norms were applied for 1994 and for 1995. The number of subsidized budgets increased, respectively, to 66 (75 percent) and 78 (88.6 percent).

We must not consider normal a situation where there is enough regulated income collected on a particular territory to balance their budgets in the minimum amount needed without subsidies (transfers), while the single norm for deductions established for the regions is too low for many of them, which artificially

converts budgets into subsidized budgets. Along with this, budgets appear where an excess of income over expenditures arose back in the process of budgetary regulation rather than as a result of fulfilling the budgets. It is no accident that the actual increase in income over expenditures for many subsidized budgets was more than the amount of subsidies envisioned for them. Thus, in 1993, in 10 of these regions alone, excess of income (R273.5 billion) over expenditures was 2.6 times the subsidies allocated (R108.2 billion). For Krasnodar Kray with subsidies of R55 billion, excess income reached R124 billion. The respective figures for Voronezh Oblast were R10 billion and R30 billion, and so on.

In this connection, the primary task for refining interbudgetary relations is, first, distributing assigned income among budgets of various levels more rationally, and second, differentiating norms for deductions from regulated income on an objective basis.

When proposals are made on assigning in full such major regulated income as income tax from physical persons or the value-added tax to certain links of the budgetary system, we must certainly take into account that they are not equivalent. Moreover, this can lead to a sharp, altogether unjustified excess of income over expenditures for certain budgets. It is no accident that within the subjects of the Federation, differentiated norms are used along with identical norms for deductions from these taxes into the budgets of cities and rayons. Thus, for income tax from physical persons, a norm of 31.4 percent was established in the Karachay-Cherkess Republic for the city of Cherkessk; a norm of 50 percent in Omsk Oblast for the city of Omsk; and in Tula Oblast, 33 percent for the city of Tula, 34 percent for the city of Aleksin, 44 percent for the city of Yefremov, 15 percent for the city of Donskoy, and 32 percent for the city of Novomoskovsk. There are similar examples in Kaluga, Belgorod, Kursk, and Murmansk Oblasts and certain other regions.

Consequently, along with distributing the corresponding types of taxes along the vertical of the budgetary system, it would be wise to expand the practice of fixed quotas, that is to say, assign some of the particular types of taxes to the budgets of various levels on a long-term basis having included regulated income in them, and accordingly reducing, displacing as it were, deductions from this income according to yearly norms. In order to realize this task, not only single, group quotas and norms of deductions must be used, but also differentiated ones calculated according to a unified methodology (formula).

Before 1994, tax on profits was a federal regulated income, but now its tax rate has been divided between the federal budget (13 percent) and the consolidated budgets of the subjects of the Federation (22 percent), while granting them the right to increase the rate to 25 percent. But the subjects of the Federation have not divided their share of this tax in a similar way between the regional and local budgets, and because of that it remains regulated income within the regions. As applies to local budgets, in most cases this can be done on a differentiated basis or by combining group and differentiated fixed quotas. Practice shows that this is precisely the approach that is found in relation to establishing yearly norms for deductions from this tax into local budgets too. Frequently an identical norm for this tax is ratified for the budgets of rayons, and a differentiated one for the budgets of cities.

Along with differentiating tax rates for certain regulated income, as already said above, it would be wise for others, the value-added tax, for example, to replace some of the yearly norms for deductions with quotas (in percentages) on a long-term basis. But to do this, it is important that they are calculated by a single formula. The possibility of such a procedure for determining them has been corroborated in practice. In 1994, some of the transfers calculated according to a single formula (essentially normative subsidies) were not transferred to the subjects of the Federation directly from the Fund for Financial Support of Regions (FFPR). They were included by the regions themselves in their own budgets from value-added tax received on their territory in connection with the right they were granted to raise the single norm (25 percent) for deductions from this tax (no more than 70 percent of the total transfers calculated). And 30 percent of them were transferred from this fund.

According to the 1994 results, total calculated transfers came to R6 trillion. The subjects of the Federation were to include R3.4 trillion of that in their own budgets through raising the norm for deductions from value-added tax, and R2.6 trillion were to be transferred from the FFPR.

The norms for deductions from value-added tax in most regions which received the right to transfers were differentiated as follows: 90 percent for Pskov Oblast, 78 percent for Bryansk Oblast, 60 percent for Ivanovo Oblast, 35 percent for Vladimir Oblast, and so on.

All this confirms that an identical approach to regions involves using a single methodology for determining deductions, not using a single norm for deductions. This is achieved by the fact that objective factors (criteria) which are identical for all territories and are based on the actual data of the base year converted

to the conditions of the plan year are included in the formula for calculating the differentiated norms. But in quantitative terms they are different, taking into account the particular features of each territory.

By switching to calculating transfers based on a formula, the budgetary system on the top level deviated from the concept of a minimum budget, that is to say, the orientation in budgetary regulation to the minimum expenditures needed in the regions. Now the relative guarantee of a particular level of budget income per resident combined with expanded rights in local areas on questions of tax initiative has been made the basis. This mechanism must be evaluated taking into account both the pluses and the minuses.

Unfortunately, the focus is frequently put on one or the other without the necessary analysis. Thus, representatives of certain subjects of the Federation complain that the actual sums of transfers were less than predicted, and in their opinion it is the formula that is to blame for that. Whereas planned subsidies were allocated in the full amount. But they do not bear in mind that income received, including the value-added tax, lagged more drastically behind than ever. In the second-fourth quarters, total value-added tax as a source of deductions into the Fund for Financial Support of Regions was forecast at R42.6 trillion. During the second-third quarters, revenue was R14.6 trillion, or 34.3 percent of the calculated total had been received by three months before the end of the year. Although in recent years the rate of growth in value-added tax has been higher in the fourth quarter (in 1993 it rose by 42 percent as compared to the third quarter), one could not expect that the other 65.7 percent would be received during the period remaining until the end of the year (65.5 percent of the predicted amount was received in April-December). In that case it would be impossible to settle up with the regions even in terms of subsidies. However, if the receipt of payments into the budgetary system were better, totals over the predicted amount could be received for transfers, unlike for planned subsidies.

The new method for providing financial support for the subjects of the Federation has fundamental shortcomings. It would be naive to expect that we could reach the optimal variant right away. The most important thing is that in principle it meets the demand of budgetary federalism to use a single procedure and a single methodology for all territories in providing financial aid to them. From that it follows that individual features of the territories should not be taken into account. That is the fundamental difference in the new method introduced in place of allocating planned subsidies to balance lower budgets.

The proportion of transfers made to budgets of the subjects of the Federation in 1994 (taking into account that some of them were included by raising the norm for deductions from value-added tax) in the total sum of direct financial aid in various forms came to 22.3 percent (R5.7 trillion). The level of these types of this aid took shape as follows: capital from mutual settlement of accounts—64.3 percent (R16.4 trillion); subventions to the city of Moscow—10.3 percent (R2.6 trillion); subsidies to closed administrative-territorial formations—2.3 percent (R0.6 trillion); and the balance on unpaid short-term loans from the federal budget—0.8 percent (R0.2 trillion). In all there were R1.5 trillion in such loans.

The high proportion of capital from mutual settlement of accounts attracts attention. Obviously, it will be less in 1995, since in determining the shares of the subjects of the Federation in FFPR, expenditures of the base year are adjusted taking into account the transfer of departmental facilities of the housing fund and the sociocultural sphere to municipal ownership in 1994. The substantially smaller proportion of transfers is also the result of the circumstance that the new mechanism must not be used on a large scale right away without testing it in practice and without making the appropriate adjustments taking this testing into account.

But if the capital of the reserve funds of the president and Government of the Russian Federation transferred to the regions in 1994 to support the start-up of production, for measures to clean up the consequences of the accident at the Chernobyl AES [atomic power plant] and other radiation accidents, and so forth are taken into account, the total amount of financial aid to territories comes to almost R34.6 trillion.

The most fundamental shortcomings that became evident during realization of the new mechanism in 1994 were in our opinion not taken into account in forming the federal budget for 1995. The norms for deductions from value-added tax into the budgets of the subjects of the Federation were not differentiated on an objective basis (based on a formula), which prevented the elimination of the large volume of counter financial flows and artificially created budget deficits where the tax potential of regulated income helps balance income with the minimal expenditures needed. The provision of the RF Law "On the Fundamentals of Budgetary Rights..." dated 15 April 1993 on transforming some of the deductions from regulated income to assigned income, so that the latter become predominant (at least 70 percent of the total volume of assigned and regulated income, without counting direct financial aid), taking into account that they include both types of taxes transferred in full to the

appropriate budgets and a certain part (in a percentage share or by separate tax rates) on a long-term basis.

Regions have not been grouped to level per capita budgetary incomes within each group. Certainly the orientation to average per capita budgetary income for all Russia's regions means hurting the interests of many northern regions, where for objective reasons income and expenditures per inhabitant are substantially higher. Thus, while average per capita budgetary income of R147,000 was included in calculating transfers in 1994, R558,000 in per capita budgetary income was included for Khanty-Mansiysk Autonomous Okrug, R573,000 for Yamalo-Nenetsk Autonomous Okrug, R354,000 for the Republic of Sakha (Yakutia), R322,000 for Magadan Oblast, R284,000 for the Chukotsk Autonomous Okrug, and others.

The territories could have been grouped by relatively close per capita budgetary expenditures.

In leveling per capita budgetary incomes broken down by groups of regions, it seems fairer to do it using average per capita budgetary expenditure as the basis or based on calculating median per capita expenditures, which helps eliminate the influence of extreme figures. In connection with this, it is better to use the population density escalation factor instead of the adjustment ratio of expenditures. This means that in places where population density is lower than the all-Russian density, per capita budgetary income is correspondingly higher and the utilization and occupancy rate of facilities of the social sphere that meet state minimum social standards are correspondingly lower. This prevents budgetary expenditures from being sharply reduced in these regions.

Both in 1994 and for 1995, capital the FFPR receives is linked with only one source of income, the value-added tax, whereas it would be better to be guided by total tax revenue for the federal budget. This in turn would help differentiate the norms for deductions from the value-added tax until the proportions of regions that need transfers and this fund are determined, and it would help reduce the volume of capital redistributed through it.

Under the single norm (25 percent) for deductions from value-added tax into the budgets of the subjects of the Federation, the level of centralization of this tax through this fund had to be raised in 1995 by increasing the norm for deductions into it from 22 to 27 percent.

Timely transfer of capital from the FFPR into the budgets of the subjects of the Federation is an important condition for effective use of the normative method of calculating direct financial aid (transfers). Taking into account that transfers are determined based on norms

(percentage proportions) of the capital this fund actually receives, they need to be indexed based on the rise in the inflation rate. If, of course, calculations are made without delay—once a month before the 15th—and with advance deposits. Unfortunately, such a procedure was not followed in 1994. Thus, for August R210.5 billion were transferred in the first 10 days of October, while for September 292.4 billion were transferred in early November. Transfers were not made in December 1994; they were postponed to the next year. This nullifies the advantage of the normative method of settling accounts with the budgets of regions. Shifting from a single source of income for the FFPR, the value-added tax, to the total volume of tax revenue for the federal budget and accumulating this capital in a separate account in the Central Bank of Russia would help speed up these account settlements.

There are proposals that the proportions of regions needing financial aid and the FFPR be calculated based on data of the first half year or eight to nine months, or the anticipated fulfillment of the budget until the end of the current year. But the fact that such an approach is equivalent to returning to the method of planning based on the level achieved with all its negative consequences is not taken into account here. Setting the proportions mentioned above on a long-term basis, not changing the base year (for example, three years), is of fundamental significance. Otherwise, this method will not raise the independence of territorial budgets and will not stimulate a reproduction of capital.

We must also bear in mind that the procedure being used for calculating transfers essentially means a departure from the base in the sense that it was understood for many years. Actual income and expenditures during a particular period of the current year taking into account the expected fulfillment before the end of the year preceding the plan year served as the basis for calculating the corresponding indicators of the budget of the year being planned. Proceeding from this conventional point, the prediction for the year being planned was made, which enabled a determination of the need for deductions from regulated income and direct financial aid when they did not have enough of their own (assigned) income. But the amount of the transfers is not directly linked to the absolute figures of the preceding year. Relative indicators that took shape during the base year converted to the conditions of the plan year and which are stable in character are taken as the base. That is why the possibility appeared in 1995 to ignore the actual data of the 1994 budget and thereby depart from the method of planning based on the level reached.

This approach and this interpretation of the "base year" would also help resolve the problem of bringing the

level of assigned income to no lower than 70 percent of its total sum with deductions from regulated income by converting part of these deductions into assigned income, having set fixed quotas for a number of years.

According to the 1994 results, the proportion of deductions from regulated income in its total sum with assigned income in the budgets of the subjects of the Federation came to 26.8 percent (15.8 percent in 1993). Only in two regions was its level predominant— 66.5 percent in the Republic of Sakha (Yakutia), and 63.1 percent in the Evenki Autonomous Okrug. At the same time, it fluctuated from 17.3 percent to 17.8 percent in the republics of Adygea and Buryatia, Altay Kray, and Tula Oblast.

As for intentions to return to the concept of a minimum budget in forming interbudgetary relations, when predicted expenditures based on the system of social and financial norms and normatives which in turn are supposed to be established relative to state minimum social standards are taken as the base for calculating the indicators of budget regulation, the following must be kept in mind. Developing these indicators is not quick business, especially in the present unstable economic situation. These indicators need to be ratified in the legislative (representative) organs of state power, which is not a simple problem either. And finally, this method will not be without subjectivism, which the lengthy practice of realizing the concept of a minimum budget in conditions of the USSR confirms. This does not mean that these standards and norms are altogether unnecessary in budgetary planning. After all, the closer we are to the final object of financing, the less consolidated the approach during this process should be. Normative indicators are also of special importance when developing special-purpose programs for leveling the socioeconomic development of territories. At the same time, as market relations develop and when there is adequate tax initiative in local areas, a particular level of income should be the base of budgetary regulation, rather than expenditures, which provoke feelings of dependency.

In developing the new mechanism for providing direct financial aid to regions, focusing on day-to-day expenditures, too little attention has been given to the problem of leveling the regions' economic and social development through capital investments. In our opinion, it would be wise to develop a special federal program for leveling their development, in addition bearing in mind promoting the creation in the corresponding territories of the necessary production base to ensure increased tax potential so budgetary capital can reproduce itself and the degree of subsidization of budgets can be reduced and eliminated.

The proposal of certain economists that territorial rent which arises by virtue of favorable natural and geographic factors as well as a result of former benefits of state capital investments become the main source of capital to support backward territories seems unacceptable, in our opinion. All these advantages of the particular territories are reflected in the financial results of activity and accordingly through taxes and other payments, including ones centralized in the federal budget and used to provide financial support to regions needing it. But if the base for sources of capital for FFPR is reduced to territorial rent, which even now is reflected in payments for natural resources, which obviously presupposes a sharp increase in the amount of those payments combined with a reduction in other payments, this will merely increase redistributive financial flows and increase the dependence of most territorial budgets on the federal budget, and may result in stronger separatism among donor regions.

However, under any of even the most refined forms of interbudgetary relations, they cannot resolve the problem of sufficiency of financial resources on all levels of the budgetary system without improvement of the condition of the economy, although they in turn have the corresponding impact on it.

Down Side of Ingushetia Economic Zone Experiment Viewed

MM3005140695 Moscow ROSSIYSKAYA GAZETA in Russian 27 May 95 p 7

[Article by Aleksandr Astafyev: "No Taxes, No Customs — Freedom for the Economy! The Imminent Conclusion of the Experiment With the 'Ingushetia' Economic Preference Zone Will Mean the Federal Authorities Will Have To Decide Whether To Allow the First Russian Offshore Zone To Continue To Exist"]

[FBIS Translated Text] You will recall that the "Ingushetia" economic preference zone was set up until 1 July 1995 on the basis of a Russian Federation Government decree in 1994 "as an economic experiment." The establishment of it was a pretty quiet affair, and it took a big publicity campaign by the "BIN" firm, which was registering enterprises from other regions of Ingushetia, to remind the public from time to time that the country had its own offshore zone for its own enterprises.

And the establishment of the unprecedented (in terms of tax concessions) structure took place against the background of pretty telling circumstances:

The start of the financial blockade of Chechnya, due to the numerous forged advice notes (around 50 million rubles [R] in mid-1992 prices);

the final transformation of Chechnya by that time into a zone free from federal customs duty and taxes.

In order to strengthen its offshore status Ingushetia effectively removed its tax inspectorate from the Russian State Tax Service's charge. In this situation what was now a real Russian "giant" went to "BIN" to secure a "tax concession."

ROSSIYSKAYA GAZETA has written twice before about the protracted scandal involving "Stavropol-nefteprodukt." The regional organs of authority were forced to take unusual but entirely civilized steps — they took legal action against the enterprise, relying on the advice of experts, including people from the Finance Ministry and State Tax Service. Last year Stavropol Kray was "short" of 160 enterprises and R20 billion of revenue for the regional budget. You find a similar situation, albeit on a small scale, in Rostov Oblast, Bashkiria, and some other regions.

Around 2,000 Russian enterprises have now "fled" to Ingushetia, which means that regional losses could reach approximately R2 trillion this year.

A mere trifle, you might say, not even 1 percent of the Russian budget, but when you consider the uneven distribution of funds across the regions and the fact that the federal coffers will have to cover these losses one way or another, it can be concluded that the "Ingush component's" contribution to the inflation process provides one-tenth of the overall rate of depreciation of the ruble this year. And this, you will agree, is quite a lot for one region.

It is perfectly clear that this situation is further exacerbating interregional problems between subsidized territories and donor-territories. As for the people of Ingushetia, no new schools, hospitals, highways, or enterprises have been built using offshore money. According to Russian Federation Finance Ministry data, "BIN" uses nearly one-fourth of the receipts as part of its own turnover, spends 6 percent of it on itself, another 15 percent goes on publicity, and 6 percent is recorded as part of its own revenue. Given this kind of expenditure it is difficult scraping together any investments.

Unfortunately, the notorious "domino principle" also came into operation in the case of the Ingush economic preference zone.

Enterprises that have switched from Russia to Ingushetia are continuing to work normally, to buy raw materials and supplies, to dispense pay, and so on, and certainly do not take the trouble to send messengers carrying payments to Nazran. This means, in all likelihood, that they are essentially not paying taxes, not only in terms of the payments "BIN" is "saving" for them, but also in

terms of pension and social security payments. While the local banks where the enterprises' real rather than offshore accounts are kept are doing nothing to prevent them from avoiding taxes.

What is the outcome of the two-year "economic experiment"? What are its positive results? Perhaps the time has come to accept the position of the Finance Ministry and State Tax Service, which have repeatedly informed the Russian Federation government of the possible consequences of the "experiment"?

Financial Problems Threaten Agro-Industrial Sector

*MK3105092095 Moscow SEGODNYA in Russian
28 May 95 p 2*

[Report by Elmar Murtazayev in the "Sluggishness" column: "Chubays Has Issued Orders To Speed Up the Return of the Budget Loan for Food Procurements. Financing of the Agro-Industrial Complex in 1995 Is in Question"]

[FBIS Translated Text] First Vice Premier Anatoliy Chubays has told the Russian Federation Agriculture Ministry and Finance Ministry "to speed up the return of the 4-trillion ruble [R] budget loan" made available

in 1994 to purchase agricultural produce to federal and regional food funds. He announced this decision on 29 May in Moscow at an open conference on problems of financing the agro-industrial complex, the first vice premier's staff told INTERFAX. It will be recalled that in 1994, various organizations received from the state approximately 6 trillion rubles worth of returnable budget loans. They were supposed to return the funds after selling the foodstuffs bought for federal and regional funds, yet the greater part of these resources was never returned.

This year the government entrusted the purchase to a specially set up Federal Food Corporation. It was given no money, however, because this spring the government ordered that all regions and all former state procurement agencies return previous budget loans to the corporation. Naturally, this directive is, in practice, not being fulfilled, and as a result the corporation cannot pay agricultural producers a 50-percent advance for future deliveries. Thus, a direct threat has emerged to food procurements for federal funds in 1995. Furthermore, a senior Agriculture Ministry official, who took part in the conference and wished to remain anonymous, told INTERFAX that "the payment of this money could help abate the strike-alert situation in the agrarian sector."

International Affairs**UN, NATO Urged Not To Resort to Air Strikes***LD3005172495 Kiev Radio Ukraine World Service in Ukrainian 1600 GMT 30 May 95*

[FBIS Translated Excerpt] The situation around the UN peacekeeping forces in Bosnia remains difficult, a representative of the Ministry of Foreign Affairs of Ukraine said when commenting at a briefing on 30 May in Kiev on the news of the capture of Ukrainian peacekeepers as hostages. The main thing, he stressed, is that they are all alive and well. However, the diplomat did not give their exact number. According to him, the course of events in that enclave changes all the time. [passage omitted]

The diplomatic and military departments of Ukraine are taking energetic measures to free our servicemen and guarantee their safety. In particular, the Ukrainian side has appealed to the United Nations and NATO leadership with a request not to resort in future to air strikes, because that could lead to tragic consequences. At the same time, it was stressed that Ukraine, as before, favors peaceful regulation of the conflict in the former Yugoslavia.

Foreign Ministry Denies Crew Shot Down in Bosnia*LD3005141695 Moscow INTERFAX in English 1301 GMT 30 May 95*

[FBIS Transcribed Text] KIEV, May 30 (INTERFAX-UKRAINE) — Deputy Head of the Ukrainian Foreign Ministry's Department for International Organizations Vladimir Yelchenko has denied reports that a helicopter with Bosnian Muslim leaders on board, shot down by Serbs, was piloted by a Ukrainian crew.

According to the Ukrainian Defense Ministry, Ukraine has not supplied MI-2 helicopters to Yugoslavia, Yelchenko stated during a briefing at the Ukrainian Foreign Ministry.

Whereabouts of Hostages in Bosnia Unknown*LD3005111195 Moscow INTERFAX in English 1005 GMT 30 May 95*

[FBIS Transcribed Text] KIEV, May 30 (INTERFAX-UKRAINE) — The command of the U.N. force in ex-Yugoslavia has no information about the fate of 43 Ukrainian peacekeepers taken hostage by Bosnian Serbs. The Ukrainian ambassador to Croatia Anatoliy Shostak told INTERFAX-UKRAINE that the men captured at arms collecting points in Ilija and Krivoglavtsi were taken Monday in an unknown direction, possibly to the Bosnian Serbs' administrative center in the city of Pale.

According to the U.N. command, five men captured earlier at an observation post are kept in Gorazde. Shostak said Serbian commanders wanted to exchange the five men for captured Serbs but did not contact the U.N. command in the Sarajevo sector at the appointed time.

Position of Hostages Viewed*LD3005181695 Kiev Radio Ukraine World Service in Ukrainian 1600 GMT 30 May 95*

[FBIS Translated Text] Citing the press service of the Ukrainian Defense Ministry, we have already reported that 48 Ukrainian peacekeepers are being kept hostage in Bosnia. They were captured by Bosnian Serbs to prevent repeated air strikes on their military bases by NATO airplanes. We have phoned the permanent mission of Ukraine at the United Nations and asked the head of that department, Anatoliy Zlenko, to comment on the report.

[Begin Zlenko recording] We have information that five servicemen from our Ukrainian battalion have been captured and taken off in an unknown direction. We have this information. We have no information that there are 48 of them.

I would like to say now, by the way, that at the United Nations there is a regular meeting now being held with representatives of countries which contribute troops to the UN peacekeeping personnel. It is possible that this meeting will produce new information on what is happening there and specify the figures of the personnel blocked off or captured by Bosnian Serbs. In any case, we now know that the number of personnel blocked off and captured by Bosnian Serbs has increased. While yesterday there were around 250 of them, today it is unambiguously reported that over 300 UN peacekeepers have been isolated or captured by the Bosnian side. Therefore we are now waiting for the next result of the meeting and we will have a clearer picture on the exact number of personnel isolated or captured. [end recording]

New Battalion To Replace Peacekeepers in Croatia*AU3005160595 Kiev HOLOS UKRAYINY in Ukrainian 27 May 95 p 6*

[Commentary by Lieutenant Colonel Anatoliy Murakhovskyy, deputy chief of Ukraine's Defense Ministry Press Service: "Difficult but Prestigious"]

[FBIS Translated Text] In accordance with the decisions adopted by Ukraine's Supreme Council on 3 July and 19 November 1990, the UN peacekeeping troops in former Yugoslavia include two special separate Ukrainian

battalions with 554 servicemen in each. The troops also include a group of staff officers and a military police subdivision. A rotation of the battalion with the headquarters in the town of Glina had been appointed for 11 May, but in view of the exacerbation of the situation in former Yugoslavia, the rotation was postponed. That is why our peacekeepers continue fulfilling their duties. They have to do this in difficult conditions. Our battalions accompany convoys with humanitarian aid for the civilian population, repair electric and water-supply systems, carry out, at special orders, operations on separating the conflicting sides, and ensure order in the demilitarized zone. In Berdychiv, on the basis of the district training center, a new contingent of a separate special battalion has been trained. It is ready to replace its comrades in arms in former Yugoslavia. Despite all the hearsay and talk about the further fate of the battalion, our soldiers and officers represent Ukraine within the UN peacekeeping forces with dignity.

U.S. Inspectors 'Satisfied' With SALT I Observance
LD3005182195 Moscow INTERFAX in English
1805 GMT 30 May 95

[FBIS Transcribed Text] KIEV, May 30 (INTERFAX-UKRAINE) - The U.S. on-sight inspection tour of the Pavlograd Mechanical Works in the Dnepropetrovsk Region of Ukraine will end ahead of schedule on May 31. The plant is used to manufacture SS-24 solid-propellant intercontinental ballistic missiles.

Valeriy Kovalev, the works official in charge of cooperation with U.S. inspectors told INTERFAX-UKRAINE that the Americans were satisfied with the observance of SALT-I by Ukraine and so they will pay only occasional visits to the Pavlograd works.

The Ukrainian government has allowed for three inspections of the works before the end of 1995.

The observation has been carried out along the perimeter of the works area since January 11, 1995 under the provisions of the Strategic Arms Limitation Treaty.

The U.S. Embassy in Ukraine made a press release available to Interfax-Ukraine saying that following December 7, 1995 the U.S. will have a right to carry out checks in the Pavlograd Mechanical Works.

The treaty was signed by the U.S.A. and the USSR on July 31, 1991.

Joint Exercise 'Not Held Under NATO Auspices'

AU3105092795 Kiev HOLOS UKRAYINY
in Ukrainian 26 May 95 p 2

[Unattributed report: "In the Future, Ukrainians Will Be Trained on American Land"]

[FBIS Translated Text] The national anthems "Ukraine Has Not Perished Yet" and "The Star-Spangled Banner" sounded on 23 May on the training ground of the Ciscarpathian Military District. The joint Ukrainian-U.S. peacekeeping exercise "Peace Shield-95" started there in a festive atmosphere. The objective of the exercise was an exchange of the experience of participation in peacekeeping actions and coordination of joint actions in difficult conditions of armed conflicts.

Almost 1,000 servicemen and more than 100 units of combat machinery are taking part in the exercise that will continue until 28 May. The Ukrainian side is represented by soldiers and officers of the 24th Motorized Infantry Division and the American side — by the Third Infantry Division based in the German city of Wurzburg. At the Lvov training ground, special training facilities have been built for them, and there small military subdivisions will fulfill tasks of accompanying cargo and, protecting the said facilities in the zone of their responsibility, will function at control stations, will ensure security regulations at the demarcation line, and will render first aid to "refugees." Shooting with authorized weapons is also planned.

A festive meeting was held on the occasion. It was attended by Colonel General Petro Shulyak, commander of the Ciscarpathian Military District; Anatoliy Lopata, chief of the General Staff of Ukraine's Armed Forces and first deputy defense minister; Mykola Horyn, chairman of the Lvov Oblast Council; Major General Mykola Petruk, commander of the Motorized Infantry Division; and Major General Leonard Holder, commander of the U.S. Third Infantry Division.

Ukraine has experience of participation in peacekeeping operations, but such a joint exercise is being held on the territory of the young state for the first time. It is being conducted in accordance with principles of the "Partnership for Peace" program and is expected to boost military cooperation between Ukraine and the United States. That is why the exercise should not be seen as held under NATO auspices. In the future, such training with the participation of Ukrainian subdivisions will be organized on the U.S. territory. The program envisages that the U.S. and Ukrainian defense ministers William Perry and Valeriy Shmarov will visit the Ukrainian-U.S. exercise.

Meanwhile, we are receiving information that Ukraine has offered for international lease Ukraine's largest military proving grounds: that of Ciscarpathian Military District near Lvov and "Shyroky Lan" in the Odessa Military District — for training peacekeeping troops. Colonel General Vasyl Sobkov, commander of Ukraine's ground forces and deputy defense minister, stated this at a news conference.

'Convention' Avoiding Double Taxation Ratified

LD2605201195 Moscow INTERFAX in English
1812 GMT 26 May 95

[FBIS Transcribed Text] KIEV, May 26 (INTERFAX-UKRAINE) — The Verkhovna Rada on Friday ratified a convention between the Ukrainian and U.S. governments on the avoidance of double taxation and cautions for tax-dodging companies.

As many as 232 of the 302 deputies present voted for ratification.

Businesses can be assured that profits received from commercial activities in either country and dividends, interest and royalties, will not be subject to double taxation. Income for businesses from both the U.S. and Ukraine will be taxed on equal terms. The convention also contains a warning for would be tax-evaders.

OSCE Figure Advises Cancellation of Referendum

LD3005205695 Kiev UNIAN in Ukrainian
1845 GMT 30 May 95

[FBIS Translated Text] Kiev — A session of the Crimean Supreme Council on 31 May is to decide on whether there will be a referendum. Andreas Kohlschuetter, the OSCE ambassador to Ukraine, will attend the session. In an exclusive interview with a UNIAN correspondent, Mr. Kohlschuetter briefly set out the aim of his visit to Crimea and the main aspects of his vision of Crimea's problems.

"I will not express my personal position," Mr. Kohlschuetter said, "but the position we all reached in Locarno: we should start a dialogue and reach a compromise." The situation in Crimea reached a point where, according to the ambassador, there was no dialogue. Now there is hope for one.

Indeed, there are conditions under which dialogue is possible. These are cancelling the referendum and removing the Ukrainian parliament's threat to dissolve the Crimean parliament.

Andreas Kohlschuetter also rejected the assertion from Ukrainian people's deputy Dmytro Stepanyuk that the Locarno "roundtable meeting" on Crimea showed that Ukraine was being dictated to by the international

community as to how it should conduct itself. "I was very offended by this," the ambassador said. Incidentally, such arguments can also be heard in the Crimean parliament but, Mr. Kohlschuetter stressed, they are absolutely untrue.

Crimean Deputy Premier on OSCE Talks

954F2347B Simferopol KRYMSKAYA PRAVDA
in Russian 19 May 95 p 1

[Remarks by I.V. Ivanchenko, deputy premier of Crimea, recorded by O. Shakhnyuk; place and date not given: "In Locarno—Concerning Crimean Problems"]

[FBIS Translated Text] As already reported, a session of the roundtable under the aegis of the OSCE, which discussed the situation in Crimea, was held 11-14 May in the Swiss city of Locarno. At the newspaper's request this event is described by one of its participants, Igor Vasilyevich Ivanchenko, deputy premier of Crimea.

It should be said first of all that the mere fact of the staging of the roundtable in Switzerland devoted to Crimean problems points to the attention the world community is paying these problems. The roundtable in Locarno became possible thanks to the initiative of the Organization for Security and Cooperation in Europe (OSCE) and its mission in Ukraine. Assistance in this respect was rendered by the Ministry of Foreign Affairs of Switzerland also.

The hospitable Swiss defined as the purpose of their diplomatic efforts the convening of a "forum of informal and unofficial discussions" with the participation of prominent political figures and those occupying high office in the organs of power of Kiev and Simferopol.

The Crimean delegation included, aside from myself, S. Tsekov, chairman of the Supreme Council of Crimea, deputies A. Danelyan, O. Kirillov, and R. Chubarov, and B. Kucher, first deputy chairman of the Sevastopol City Council. Ukraine was represented at the roundtable in Locarno by presidential advisers V. Grinev and D. Vydrin, N. Shulha, minister of nationality, immigration, and worship, B. Tarasyuk, first deputy minister of foreign affairs of Ukraine, L. Minin, deputy minister of economics, and Yu. Karmazin, V. Stoyetovich, N. Karpachev, and V. Butkevich, deputies of the Supreme Council of Ukraine.

Two groups of questions discussed at the sessions of the roundtable may be distinguished. The first concerned exclusively economic problems, the second was devoted to policy.

As far as economics is concerned, it was a question primarily of problems connected with economic decentralization in Ukraine, the creation of free economic zones,

budget relationships and the delimitation of property between Ukraine and Crimea, and taxation at the regional level. Opening remarks to the discussion on this range of subjects were delivered by myself and L. Minin. Our speeches contained both similar assessments and conclusions and alternative viewpoints. The essence of my speech was that Crimea, by virtue of its specific features, should have a particular economic identity different from the other regions of Ukraine. Our concept of taxation, incidentally, which was put to the test last year in Ukraine, was subsequently adopted by all of Ukraine. So Crimea should be a kind of proving ground of economic reforms.

The speeches of S. Tsekov and V. Grinev were a "lead-in" to the political discussion. There were far more differences here than in the economic block of questions. It is interesting that the OSCE experts, listening closely to the arguments of each side, were in no hurry to deliver assessments or recommendations. The diplomatic tact of the organizers of the meeting in Locarno was manifested also in the fact that no communique was adopted on its results. Nonetheless, the OSCE experts clearly identified their position based on the canons of international law.

And there can be no two opinions here, as they say. Inasmuch as Crimea is an integral part of Ukraine, not, as distinct from Ukraine, a subject of international law here, the legislation of the autonomous republic should be an organic part of the legal field of Ukraine. It is interesting that Western lawyers consider a kind of key to a resolution of the present disputes between the Crimean and Ukrainian legislators a law on a delimitation of authority between Crimea and Ukraine, which, in their opinion, should be the cornerstone of the Constitution of Crimea.

Finally, since we have decided to build a law-based society in accordance with European standards, we should learn, consequently, to resolve problems that arise, between the center and the regions included, in civilized fashion and by exclusively political means.

OSCE Recommendations on Crimean Situation
954F2371A *Simferopol KRYMSKIYE IZVESTIYA*
in Russian 23 May 95 p 1

[Letter from the OSCE Mission in Ukraine: "How To Alleviate Tension in Crimea"]

[FBIS Translated Text] The OSCE mission in Ukraine has sent a letter to the Ministry of Foreign Affairs of Ukraine, the Supreme Council of Ukraine, and the Supreme Council of Crimea on the results of the roundtable that was held in Locarno.

A Ukrainian roundtable of the OSCE was held in Locarno, Switzerland, from 11 through 14 May 1995.

The three days of discussions afforded the experts appointed by the OSCE, Professor Adjani, Dr. Klement, and Professor Quigley, as well as Ambassador Kohlschuetter and myself, an opportunity to gain a more in-depth understanding of the various aspects of the disagreements that have arisen in the parliament of the Autonomous Republic of Crimea. Some of them require future reflection and analysis on our part. But we feel, nonetheless, that it would be useful to offer you at this time certain comments and proposals of a general nature. They follow below and reflect our unanimous viewpoint.

1. Our first opinion is that everything that leads to a growth of the current tension should be avoided. In this connection we insistently urge the parliament of the Autonomous Republic of Crimea to abandon its plans to put to a referendum the Crimean Constitution, which was abolished by the Ukrainian parliament. We believe also that the dissolution of the Crimean parliament would not produce a resolution of the current problems in the immediate future.

2. Concerning the constitutional disagreements, the OSCE has adopted the viewpoint that any decision should be based on respect for the sovereignty and territorial integrity of Ukraine and the basic principles of the Ukrainian Constitution. In the search for solutions on this basis, we were struck particularly by the fact that a considerable number of the participants in the roundtable, who in the past frequently held divergent views, are expressing the opinion that the law of Ukraine on the delineation of authority between the organs of state power of Ukraine and the Republic of Crimea of 1992 (which did not come into force) contained important elements for a conclusive resolution of the problem. We share this opinion for the following reasons:

a) Article 1 of this law establishes certain basic principles which usually control relations between an autonomous republic and the central state authorities. In our view, the Crimean parliament's acceptance of these principles would be an important step toward a resolution of the constitutional problems;

b) Article 3 and Article 11 of the law summarize the powers accorded the Autonomous Republic of Crimea and the state authorities of Ukraine, and it is in this way explained that the Autonomous Republic of Crimea would have real autonomy;

c) Article 13 accords the parliament of the Autonomous Republic of Crimea the right to appeal to a future

constitutional court of Ukraine if Ukrainian legislation infringes the powers of the Autonomous Republic of Crimea;

d) Article 15 establishes the important principle that autonomous powers, once granted, cannot be revised unilaterally.

We would recommend that decisive efforts be made as soon as possible for the achievement of agreement on the future status of the Autonomous Republic of Crimea on the basis of these principles. It could even be anticipated that the main parts of the law on the delineation of authority could with certain revisions and addenda constitute a future Constitution of the Autonomous Republic of Crimea and that the Ukrainian parliament could adopt a parallel constitutional statute with the same content.

Agreement on this basis would also terminate the current subordination of the Crimean Government to the Government of Ukraine. Article 1 of the presidential edict of 31 March 1995 makes it clear in this respect that it will lapse when a new Constitution of the Autonomous Republic of Crimea is adopted.

3. We would like to make the following recommendations on certain special topics:

a) if the separation of authority, as established in Articles 3 and 11 of the law on the delineation of authority between the powers, is accomplished (we expect this to be the case), it will be necessary to begin negotiations as soon as possible between the central authorities of Ukraine and the authorities of the Autonomous Republic of Crimea on the fulfillment of Article 3, clause 8, which on the one hand accords the Autonomous Republic of Crimea the right to possess the land, mineral wealth, water, and other natural resources on its territory, but which, on the other, affords Ukraine the opportunity to curtail this right;

b) the parliament of the Autonomous Republic of Crimea has quite often submitted a question concerning the need for the dual citizenship of Ukraine and the Russian Federation. The pretext for this have been, particularly, the problems which many retirees living in Crimea have with the transfer of their pensions from the Russian Federation and the possibilities that could be afforded Crimeans wishing to attend school in the Russian Federation. But these problems could be resolved by a special agreement between the Russian Federation and Ukraine in respect to these issues;

c) we have noticed that there are still a sizable number of Tatars who since their return to Crimea have been unable to acquire citizenship of Ukraine either. And, consequently, they could not take part in the 25 June

local elections. For this reason the Tatar leadership is unwilling to participate in these elections. We hope that a way to resolve this problem may be found in the very near future in order to ensure the corresponding representation of the Tatars in local government;

d) it would be desirable before the establishment of a constitutional court, in our view, for the parliaments of Ukraine and the Autonomous Republic of Crimea to create a reconciliation body for a resolution of the disagreements arising during the dialogue concerning the legislation.

We express the hope that these comments and recommendations might be of use for a resolution of the problems that were discussed at the roundtable. We permit ourselves to ask you to send our observations to the parliament of Ukraine and the parliament of the Autonomous Republic of Crimea so that they may familiarize themselves with this information. We are certainly at Ukraine's disposal if we can assist you in a resolution of the problems that were the subject of our discussions in Locarno. We were of the opinion that the roundtable is a useful tool in a search for solutions and we express the hope that this formula might be used again in the future.

[Signed] Respectfully, Max Van Der Stoel

National Affairs

Members of Chernobyl Alternative Consortium

WS3005092695 Lvov INFOBANK in English
0702 GMT 30 May 95

[From the "News Service" feature]

[FBIS Transcribed Text] On May 27, the State Committee for the Use of Nuclear Energy, the Ministry of Environmental Protection and Nuclear Safety, and Ukraine's Ministry of Foreign Economic Relations signed a memorandum together with several Ukrainian and foreign companies concerning cooperation and the creation of an international consortium which would take on the task of building non-nuclear sources of energy in Ukraine as alternatives to the Chernobyl nuclear power plant. From the Ukrainian side the consortium will include the Chernobyl nuclear power plant, the TURBOATOM, MONOLIT, DNIPROENERHOBUD-PROM, ROTOR, and BUDMASHYNA enterprises, and the Kiev and Kharkov ENERHOPROEKT institutes. The leader of the group of Western companies which signed the document will be the transnational company ABB. In addition to this company, the consortium will also include the following firms: MANNESMANN ANLAGENBAU (Germany), STROMBERG

(Finland), SKANSKA and SVENSKA VATTENFALL AB (Sweden), DANISH POWER (Denmark), SULZER (Switzerland), SAE SADEMI (Italy), GMS (USA), JGT and KAWASAKI HEAVY INDUSTRIES (Japan). Co-chairmen of the consortium will be Ukraine's Vice Prime Minister Serhiy Osyka, minister of foreign economic relations and President of ABB Percy Barnevik.

Parliament Balks at Kuchma Power Bill Law

WS3105100195 Kiev *INTELNEWS* in English
0202 GMT 31 May 95

[Report by Oksana Hasiuk]

[FBIS Transcribed Text] Kiev, May 30 — Parliament balked Tuesday [30 May] at a law implementing President Leonid Kuchma's Power Bill, prompting presidential supporters to instead seek its passage through an "agreement" between the president and legislators.

Although parliament voted on May 18 in favor of the Kuchma initiative, it ruled at the time that discrepancies between it and Ukraine's Constitution would have to be resolved by a "constitutional margin" of more than 300 out of 405 deputies before it could take effect.

Debates throughout the day were held over several legal formulas to eliminate these discrepancies. None of these were approved.

As many as 216 deputies are expected to sign the "treaty" designed to overcome this impasse, based upon the headcounts of the eight factions and other individuals in parliament who have promised to do so.

The Statehood, Rukh, Unity, Center and Reforms parliamentary factions, the Independents and the Interregional Deputy Group (IDG) are included in this number, Deputy Hryhoriy Omelich announced in an official statement. The Agrarians have split over the issue.

According to some sources in parliament, many Reforms members have delayed signing the agreement until after a Wednesday meeting they will have with Kuchma. The sources say that Reforms is going to use the occasion to press its case for influence in the new Cabinet of Ministers.

Natalia Vitrenko, a Socialist member who is an adviser to parliamentary Speaker Oleksandr Moroz, called on the left to oppose the agreement and "behave like a communist and socialist minority in parliament."

"From now on, let deputies who sign such an agreement with the president be responsible for the current situation in Ukraine," said Vitrenko.

Parliamentary Group Urges Support for President

LD3005200795 Moscow *INTERFAX* in English
1721 GMT 30 May 95

[FBIS Transcribed Text] KIEV, May 30 (INTERFAX-UKRAINE) — Eight factions of the Ukrainian parliament have called on their colleagues to sign a constitutional accord with the president.

Deputy Viktor Omelich read out the bid initiated by such factions as Center, Agrarians, Reforms, Unity, Derzhavnost, The Independent, Interregional Deputies Group and Popular Rukh of Ukraine.

The factions support the presidential-proposed law on power sharing and took the step after the parliament's repeated failure to pass it.

Out of 339 present deputies, a total of 212 voted in favor and 96 against of a relevant resolution. According to the law, such a law is now regarded as constitutional.

To amend the Constitution, at least 300 votes are required.

According to the accord, all state bodies in Ukraine are to strictly observe the power-sharing law which considerably expands the president's powers in comparison to the existing Constitution.

First Deputy Parliamentary Chairman Oleksandr Tkachenko has decided to postpone the consideration of the issue until Friday morning.

Deputy Foreign Minister on NPT, Disarmament

WS3005143095 Kiev *KIYEVSKIYE VEDOMOSTI*
in Russian 26 May 95 p 4

[News conference by Ukrainian Deputy Foreign Minister Kostyantyn Hryshchenko with domestic and foreign correspondents, "recorded" by Tetyana Silina: "Arm-Twisting Policy Is Sometimes Useful. This Can Be Confirmed by the Indefinite Extension of NPT" — first paragraph is KIYEVSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] The 11-12 May visit to Kiev by U.S. President Bill Clinton has pushed from the pages of Ukrainian newspapers another no less important event — the indefinite extension of the Nuclear Nonproliferation Treaty [NPT] by an international conference in New York. One of the most respected Ukrainian experts in the area of nuclear disarmament — Ukrainian Deputy Foreign Minister Kostyantyn Ivanovych Hryshchenko — has agreed to brief a group of journalists on the results of this conference.

[Hryshchenko] The conference on the future of NPT ended on 12 May. The historically important decision

to extend the treaty for an indefinite period of time made this document equal with such international documents as the Convention on Prohibition of Biological and Chemical Weapons. Additionally, the Declaration of Nuclear Nonproliferation Principles was also adopted. Of course, there were many unresolved problems as well. There are still countries which have not yet joined the treaty; there are acute issues concerning an all-embracing ban on nuclear tests and halting production of fissile materials. One can generally state, however, that a new important stage on the path toward a nonnuclear world was concluded.

[NOVA MOVA] How, in your opinion, can the arm-twisting policy, conducted by the United States to collect the required number of votes, affect the future of NPT?

[Hryshchenko] It must be noted that Ukraine, before and during the conference, at official meetings and in the wings, emphasized that the open pressure, which was obvious at the initial stages of preparations for the conference, would hardly be productive. And it must be said that we were listened to. During the conference, the United States and West European countries exerted not pressure but a method of convincing. It is understandable that this was accompanied by demarches in the capitals of these countries. Finally, the majority of countries supported the indefinite extension of the treaty.

[KIYEVSKIYE VEDOMOSTI] Certain countries regard NPT as the legitimization of nuclear weapons, which gives certain countries supremacy and places others in an unequal situation. Moreover, many experts believe that the current arsenals of nuclear weapons are much more dangerous than the hypothetical possibility of third countries producing them. Could you tell us how the process of nuclear disarmament will proceed in the future?

[Hryshchenko] In the preamble to the treaty, it is said that all members will proceed along the path of disarmament. During the conference, of course, there were many debates as to what degree the nuclear countries would fulfill this obligation. The current situation in the world can undoubtedly be assessed differently. In fact, as a result of the conclusion of the START I treaty, the nuclear arsenals of the United States, Russia, Kazakhstan, Belarus, and Ukraine are being considerably reduced. Great Britain and France are also reducing their tactical and nuclear arsenals. At the same time, however, one would like to have more significant reductions conducted more quickly. The presence of the current arsenals itself poses a threat to mankind (regardless of what is said in this regard), even though the system of ensuring nuclear weapons'

safety is relatively good in such countries as the United States, China, Great Britain, and France.

[KIYEVSKIYE VEDOMOSTI] What about Russia?

[Hryshchenko] This also refers to Russia. The Russian system was developed over decades.

[KIEVSKIYE VEDOMOSTI] But there have already been cases of smuggling.

[Hryshchenko] First and foremost, there have been no documented cases of smuggling. There are merely many publications about this topic. However, journalists should write about something in advance, and sometimes even sound the alarm. As of today, there is no talk about thefts of nuclear systems at all. If this occurred, it would be a state of emergency, which simply could not be concealed. The so-called horizontal proliferation is another matter. Certain countries can produce nuclear weapons, but they cannot create systems for their safe maintenance. Accidents and other extraordinary situations are not ruled out. It is therefore a very important goal for all parties to the treaty to achieve its universality.

[AFP] What is the current situation regarding the assistance rendered to Ukraine by the United States in the area of disarmament?

[Hryshchenko] We have coordinated a timetable for this assistance with the United States. As of today, the talk is about \$300-350 million for various programs (for both the destruction of nuclear weapons and conversion). We believe, however, that it is impossible to carry out a program for destroying Ukrainian nuclear weapons efficiently, unless a reliable future is ensured for missile forces servicemen. Unfortunately, the social side to the issue of disarmament is insufficiently financed. It can generally be said, however, that deliveries of the required technological equipment and materials to Ukraine, as well as experts' services, are proceeding more or less according to schedule. I would note that certain states that promised us help do not fulfill their obligations. And the arriving assistance is not covering all of our needs. We hope very much that Ukraine's historical decision to have a nonnuclear status will be met by our Western partners adequately, in terms of granting further assistance. We cannot but be concerned over moods in the U.S. Congress, in which there is talk about reducing assistance to other countries. We expect that the assistance for nuclear disarmament will not be subject to any reductions.

[KIYEVSKIYE VEDOMOSTI] Are there any guarantees that Russia will not use fissile material it receives from dismantled warheads? Is there any international monitoring to oversee this?

[Hryshchenko] Although for some reason there is little talk about this, there is monitoring, though not international but Ukrainian. According to our bilateral agreements with Russia, our military observers are working at companies dismantling nuclear warheads. We insisted on this from the very beginning, as early as during negotiations on tactical weapons. The process of control is organized in such a manner that we have no access to secrets connected with the engineering design of nuclear explosive systems. At the entrances and exits of plants conducting the dismantling, however, we can trace the fate of obtained materials. According to our agreements, materials obtained from the dismantling of warheads shipped from our country cannot be reused. They are reprocessed into low-enriched uranium to produce fuel rods for nuclear reactors, or for sale in the United States, in forms suitable only for use in peaceful nuclear engineering.

Tsekov For, Meshkov Against Kiev's Resolutions
LD2605173595 Moscow INTERFAX in English
1408 GMT 26 May 95

[FBIS Transcribed Text] SIMFEROPOL, May 25 (INTERFAX) — Resolutions on the Crimea issue passed on Friday by the Ukrainian parliament have been welcomed by the head of the Crimean legislature, Serhiy Tsekov but blasted by the peninsula's deposed president Yuriy Meshkov.

Verkhovna Rada, Ukraine's parliament, proposed that Crimea call off a planned referendum on its 1992 constitution, abolished by the Ukrainian parliament from March 17, and draft a new one by June 1, that would conform to the Ukrainian law on the separation of powers between Ukraine and Crimea. The referendum is scheduled for June 25.

Tsekov said the Ukrainian legislators' decisions reflected a positive response to "the Crimean initiative" on the issue and meant that "Kiev has taken the first step" to meet Crimea half-way in trying to resolve the crisis.

The resolutions "need careful study and analysis," Tsekov told Interfax. After official papers arrive, Crimea's parliament "will take an appropriate decision," he said.

At the same time, Meshkov, dismissed as president by Kiev, told INTERFAX Rada's decisions were "a continuation of the line to liquidate Crimean statehood" and that Kiev had ignored the Crimean parliament's initiatives.

Crimea Referendum Meeting Sponsored

954F2390A *Simferopol KRYMSKIYE IZVESTIYA*
in Russian 25 May 95 p 1

[Article by L. Chevelcha: "Referendum—An Act of Democracy"]

[FBIS Translated Text] A conference has taken place in the Crimean Supreme Council on the provision of information and propaganda support for preparation and conduct of the all-Crimean referendum. Representatives of Crimean parties and social organizations were invited to the conference.

As far as quantitative diversity of party, social, and national movements is concerned, it might be said that our republic takes second place to no other major state formation. But how do they view the scheduled referendum? Which of them intend to participate in its preparation and conduct?

Prior to asking conference attendees about this, Crimean Supreme Council Chairman Sergey Tsekov considered it necessary to provide a more thorough clarification of the events preceding the introduction of questions to be presented to Crimean residents for their discussion. The speaker of parliament discussed the situation that had come about and addressed relations between the Ukrainian state leadership and Crimean Republic authorities. He emphasized that Ukraine's ruling elite had adopted a policy of unitarianism and that Crimea was a foreign body within such a state perspective. Efforts were therefore being made to deprive Crimea of the elements of independence and to engage in discussion from a position of strength, ignoring international and every other variety of law. In the light of Kiev's recent decisions regarding Crimea, issues dealing with ownership, budget formulation, and organs of power in the localities have been placed outside the jurisdiction of the Crimean Republic Supreme Council. As a result, the peninsula has been deprived of the foundations of statehood and of the opportunity to conduct economic policy.

S. Tsekov explained that the decision to conduct the all-Crimean referendum was made by the Supreme Council when all other alternatives and hopes of reaching agreement had been exhausted. Referendum is a normal democratic procedure supported and employed by the majority of countries of the world community.

The chairman of the Crimean Supreme Council also informed those present about steps that had been taken the day before with respect to regulating the mutual relations between Kiev and Simferopol, in particular, with respect to directing a working group of the Presidium of the Crimean body of deputies to appeal

to the Presidium of the Ukrainian Supreme Council, offering proposals on regulation of the political-legal situation in Crimea (Decree of the Presidium of the Crimean Supreme Council No. 446-1, 22 May 1995, KRYMSKIYE IZVESTIYA 24 May 1995). "This is not an ultimatum," Sergey Tsekov noted. "It is an invitation to discussion."

Those attending the conference were also invited to familiarize themselves with a package of documents that included the report of a delegation of the Russian Federation State Duma on the results of an official visit to the Crimean Republic 7-10 May 1995, the Decree of the Crimean Supreme Council "On the Political-Legal Situation in the Crimean Republic," and the Decree of the Crimean Supreme Council "On Procedure for Implementing the Decisions of the All-Crimean Referendum of 25 June 1995," among other documents.

Sergey Tsekov responded to the questions of conference participants and invited parties and social organizations of Crimea to designate their representatives to the Central Commission for Conduct of the Referendum. Yu. Podkopayev, member of the Presidium of the Crimean Supreme Council and responsible for the provision of information and propaganda support for universal Crimean discussion 25 June of issues proposed by the Crimean parliament, emphasized that organizations supporting this event must conduct explanatory work in this regard, discussing procedures, aims and objectives, and decision implementation methods at assemblies, rallies, and meetings with the public and all inhabitants of the peninsula.

A conference was also held on organizational support for the referendum. It was conducted by Yu. Zyryanov, member of the Presidium of the Crimean Supreme Council responsible for this area.

Draft of New Crimean Constitution Handed to MPs
LD3105092795 Moscow ITAR-TASS in English
0854 GMT 31 May 95

[By Lev Ryabchikov]

[FBIS Transcribed Text] SIMFEROPOL, May 32 (ITAR-TASS) — The draft of a new Crimean Constitution was handed out to members of the Crimean Parliament on Tuesday. Its discussion may begin already today if the MPs decide that one day is sufficient to study its 144 articles. In any case, fifty votes will suffice to adopt it as the basis for further discussion and to report to the Ukraine Supreme Soviet on the readiness of the MPs to fulfil its May 25 decision, recommending the Crimean Parliament to submit this document to Kiev before June 1.

Chapter 1 of the draft says that the Crimean Autonomous Republic is a constituent part of Ukraine and independently decides all the matters within its competence.

The Crimean Autonomous Republic will henceforth be called "The Republic of Crimea". Its powers will be fixed in accordance with the Ukrainian Constitution and the Ukrainian laws "On the Crimean Autonomous Republic", "On the Division of Powers between the Ukrainian State Organs of Power and the Crimean Republic", and in keeping with the Constitution of the Republic of Crimea.

The draft says nothing about the presidency in Crimea and Yuriy Meshkov's supporters in the parliament will hardly agree to this.

Not all the MPs will agree also to the motion not to hold a referendum to reaffirm the republic's old constitution, which Kiev ruled null and void on March 17.

Head of the OSCE mission in Ukraine Andreas Kolschutter is expected to address the current session of the Crimean Parliament in order to convince the MPs to accept OSCE recommendations and the proposals of the Ukraine Supreme Soviet to refrain from the referendum and to adopt a new constitution of the republic, based on the law "On the Division of Powers between Ukrainian and Crimean State Bodies".

ITAR-TASS has learned from the Simferopol headquarters of the OSCE that Kolschutter plans to meet speaker of the Crimean Parliament Sergey Tsekov, Crimean Prime Minister Anatoliy Franchuk, and leaders of Sevastopol and Yalta.

Crimean Parliament Drops Constitutional Referendum

LD3105101395 Moscow ITAR-TASS in English
0949 GMT 31 May 95

[By Lev Ryabchikov]

[FBIS Transcribed Text] SIMFEROPOL May 31 (Itar-Tass) — The Crimean parliament met the proposal of the OSCE and decided Wednesday [31 May] to drop the referendum on the Ukraine-abolished constitution of the peninsula which was to be held on June 25.

Crimean speaker Serhiy Tsekov insisted that a resolution be passed on compliance with Ukrainian demands without any debate. The Ukrainian parliament had proposed that Crimea drops the referendum and adopts a new constitution of the peninsula which would be based on the law on power-division between Kiev and Simferopol.

The resolution of the Crimean parliament agrees that the Kiev proposal "corresponds to the OSCE recommendations and testifies to the new approach of the Ukrainian Supreme Soviet towards the solution of Crimean problems, is a guarantee of their fulfilment and eliminates the very reason for holding the referendum".

It was also decided to continue drafting a new constitution and the item was included into the agenda.

Dnepropetrovsk Official on Region's Situation
WS2605120095 Kiev KIYEVSKIYE VEDOMOSTI
in Russian 23 May 95 p 3

[Interview with People's Deputy Pavlo Lazarenko, Dnepropetrovsk Oblast Council chairman, by Mykhaylo Skoryk; place and date not given: "Our Region Is the President's Buttress" — first paragraph is KIYEVSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] Pavlo Lazarenko, leader of one of the largest industrial-agricultural regions of Ukraine — Dnepropetrovsk Oblast — rapidly reached the top echelons of power. He is 42, a candidate of Agricultural Science, and people's deputy in the Supreme Council of Ukraine for two terms.

[Skoryk] Pavlo Ivanovych, are you more a politician or an economist?

[Lazarenko] That is not an easy question. I would like to think of myself both as a politician and an economist. It is not up to me, however, to judge whether I manage to combine the two aspects.

As an economist, I assess the situation in the oblast as satisfactory. Reforms are advancing. Tangible foreign investments have also been made into the economy of the region. We are second after Kiev in resolving these kinds of tasks. Over 30 percent of Ukraine's aggregate hard currency revenues have been obtained due to the activities of Dnepropetrovsk enterprises. Around 70 unfinished construction facilities have been put into operation during the past two years. The "Kryvorozhstal" metallurgical combine from Dnepropetrovsk, and the K. Libknecht pipe plant are going to be fully reconstructed this year and will manufacture competitive products.

We are doing everything at our own risk, without a reliable legislative foundation and, frankly speaking, we are using all levers of influence, from agreements to the policy of the stick and carrot. If we are provided with the Law on Power and those 10 regulations, which have been drafted though not passed by the Supreme Council so far, then we will forget about the unpopular administrative-command method of management, and rely only on the strength of law. All branches of power in the state will gain from it.

Let us look, for instance, at the issue of gas which — according to the Ukrainian president's words — seriously threatens the independent development of our state. Dnepropetrovsk Oblast is being rightly criticized for irregular payments. How can we resolve this problem? Should we cut off fuel supplies to debtors? We have done so, and we have bitter statistics: Around 2,000 enterprises (every other one!) have been left without gas.

As a politician, do I really not care about thousands of workers who were once employed in the oblast's enterprises, or about over 300,000 individual consumers? This is because we have in our hands incompatible decisions by the Supreme Council and the Cabinet of Ministers. Therefore, it happens that in certain regions, executive power — lacking a distinct hierarchy — is left face to face with all the complexities of current problems. At present, the executive branch is not a structure of the past which divided resources and controlled how they were used. There is nothing to divide at present; therefore, we have to energetically reform industries and implement more radical reforms. The time is gone when we had to actively learn how to earn money, looking for our place in the marketplace. The "Kryvorozhstal" combine, the "Dnyeprrshyna" amalgamation, the "Azot" factory, and the "Prydniprovskyy" chemical and varnish-and-paint factories from Dnepropetrovsk have managed to get out from the toughest of situations.

[Skoryk] What is the principal problem currently facing the oblast executive committee?

[Lazarenko] Is it really appropriate to single out any one problem if the economy of our state is so weak? There is, however, an extremely difficult social problem: Some 50 percent of Dnepropetrovsk Oblast's people are extremely poor and need social support and assistance. We are in catastrophic need of funds. Expenditures directly connected with social protection and financing of sociocultural institutions amounted to over 51 trillion karbovantsi. This sum has been earmarked in the budget, which is 5.7-fold more than the oblast's verified 1994 budget.

[Skoryk] Ukrainian President Leonid Kuchma spoke about branches of power at a meeting with western Donbass miners, concentrating more attention on the fact that according to the existing law, chairmen of oblast councils are not subordinated to the president. What problems does this situation cause?

[Lazarenko] We do not draft laws here in the provinces. Oblast executive committee chairmen spend virtually 99 percent of their time undertaking measures to make bodies of the local executive vertical structure function normally. The absence of distinct legislation forces us

to contact almost every day the Cabinet of Ministers, its directorates and departments, as well as banking structures, that is to say — the executive branch.

[Skoryk] Traditionally, the state's highest leaders were generously taking care of Dnepropetrovsk Oblast, given that they had a sentiment for it. Does Leonid Danylovych really not support this powerful industrial region during hard times?

[Lazarenko] We can see the president's distinct stance in both the internal and foreign policies of our state. We are still the president's largest and most persistent buttress.

[Skoryk] Pavlo Ivanovych, you have been talking about the prestige of the executive branch. Do you not think that the Cabinet of Ministers is now in an inconceivable situation, and even the prime minister is only temporarily performing his duties?

[Lazarenko] The situation is really abnormal, but I really deem it as temporary and typical for the transitional period of establishing all branches of power. I am convinced that Yevhen Marchuk is a most authoritative politician, able to make responsible state decisions, and that his beliefs and principles in endorsing economic reforms and statehood, as well as his stance on the Black Sea Fleet and restoration of proper order in the state, do not evoke doubts.

[Skoryk] How do you assess the Supreme Council's legislative activities?

[Lazarenko] After all, I am a people's deputy myself, and I am not happy with it. There are meetings, political passions, continually transformed into opposition, and settling of political accounts at the expense of passing laws that have social significance. Perhaps this is why we lag behind Russia, the Baltics, and even Belarus in implementing economic reform.

[Skoryk] What is your attitude toward shams?

[Lazarenko] I hate them.

[Skoryk] However, since the days of stagnation and until now, Dnepropetrovsk Oblast has been referred to as a laboratory of shams.

[Lazarenko] I think that this is a superficial opinion. For instance, what we have done in Sinelnikovskiy rayon to revive the forgotten "unpromising" villages — is that a sham? We are now initiating a similar project in Yuryevskiy rayon. What about expeditiously putting into operation a bridge in Dneprodzerzhynsk, which has nationwide significance? In the current dramatic times we have managed to construct a chemical plant, put into operation new production facilities — two continuous operation steel-casting machines at the Dzerzhinskii

combine, a unique — and not just in Ukraine — 600-bed surgical department at the oblast clinical hospital, and many other facilities. We are now concentrating our efforts on opening the first subway line.

[Skoryk] You come from a peasant family. You also have a rich experience, given that you have worked as a kolkhoz driver, an agronomist, a kolkhoz manager, and chief of rayon and oblast agricultural departments. Tell me, can land become a commodity?

[Lazarenko] Undoubtedly, it should become a commodity, but remain in the hands of those who work it. I think that remarks voiced on this issue in our parliament for many years to the effect, that if such an approach is applied the rich Ukrainian land may be bought out by some foreign Uncle Sam — are fruitless. I would like to cite an historic example. Peter the Great was told that Count Menshikov was building a palace even more luxurious than the czar's. The czar frowned: "Where, in France?" The answer was "no." "Or perhaps in Germany?" asked the czar and was told: "No, in Russia." Peter's answer was: "Oh, he can build it in Russia; it will remain in Russia."

[Skoryk] You have mentioned children. What kind of family do you have?

[Lazarenko] My son is in grade 10 of high school; my two twin daughters are in seventh grade. My wife is a graduate of an agricultural institute. She does not work.

[Skoryk] My last question is: What kind of economic outlook would you provide: Will we and our independent state survive or will we not be able to rise up from our knees?

[Lazarenko] We will survive and rise up, however under one condition — everyone should work diligently.

Economic Issues

Measures Approved To Settle Nonpayment Crisis

WS3105085395 Lvov INFOBANK in English
0730 GMT 31 May 95

[From the "News Service" feature]

[FBIS Transcribed Text] President Kuchma has approved a schedule of measures to settle the nonpayment crisis and support home manufacturers.

By June 25, the National Bank of Ukraine (NBU) together with the ministries shall draft a presidential decree on the bills of exchange which are to be used in order to meet obligations of a buyer to a seller for the goods delivered, as well as another decree on the method of payments for the delivery of goods.

A presidential decree to establish a Bankruptcy Court is also being drafted. In the case when the repayment of a loan obtained from the state budget would be 90 days overdue, bankruptcy proceedings would be brought against the company in question.

By June 10, the National Bank and the Cabinet of Ministers are to work out a mechanism for non-inflationary compensation of mutual indebtedness of enterprises with the drafting of promissory notes, as well as another decree which would entrust commercial banks to manage the debts of enterprises. The NBU and ministries were instructed to draft a presidential decree on a method for the compensation of inter-enterprise debts with stock by June 1.

It is planned that short-term treasury bonds will be issued and sold at the auctions in the second half of 1995.

To accumulate stock, the sufficiently liquid commercial banks will be encouraged to issue targeted loans to supply and trade companies. The National Bank was ordered to introduce by June 1 a mechanism for the gradual decrease of interest rates for the previously granted loans and to further adjust the interest rates of commercial banks due to the changes in the NBU discount rate, as well as to increase the minimum requirement for the statutory funds of commercial banks. The NBU and ministries were instructed to cancel limitations on investment activities performed by banks, as well as on their participation in the formation of statutory funds of enterprises. By June 10, commercial banks will be allowed to form their statutory funds with hard currency deposits, to issue securities and to trade them for hard currency. By June 10, the procedures to attract non-resident deposits to form statutory funds of commercial banks will be simplified. By June 20, the NBU together with the ministries shall draft a presidential decree to allow anonymous hard currency deposits both for residents and non-residents, and by June 15, a draft decree to cancel mandatory sales of hard currency earnings at the interbank exchange. Beginning from the second half of 1995, the NBU shall introduce a mechanism for the refinancing of commercial banks with security discount transactions.

According to the measures approved by President Kuchma, the amount of imported natural gas shall be metered and declared at the Ukrainian customs border starting June 1995.

The presidential decree "On Regulation of Barter Exchanges in Foreign Trade" shall be amended by June 1 with regard to the period of delivery of imported goods included in a barter agreement.

By the same date the Presidential Administration intends to prepare a draft decree on the procedures for obtaining state certificates for exporting, importing, wholesale and retail trading in ethyl alcohol and other spirits, as well as alcoholic beverages and tobacco products.

Several ministries were instructed to prepare a draft decree on various trade regulations by July 1, while the Cabinet of Ministers had to prepare a reviewed list of imported goods which would be exempt from customs duties, as well as the rates of such duties. By June 15, other ministries must come up with a bill to change the maximum value of goods which may be brought to Ukraine duty-free, as well as to eliminate customs and excise benefits for certain categories of citizens.

By June 10, the ministries must prepare legislation to eliminate some tax benefits and exemptions (from the VAT, excise tax, customs and other duties), while the Presidential Administration was instructed to prepare a bill on the privatization of non-agricultural land plots. A Presidential Decree on the agricultural equipment leasing shall be prepared by June 20.

The National Bank and the Ministry of Finance were ordered to consider the prospects of granting credits to the enterprises by June 1. The Ministry of Economy and the Ministry of Finance were obliged to prepare a draft decree on the restructuring of economic management system and the reduction of administrative spending by September 1.

Unions, Government Iron Out Tariff Agreement

WS3105100395 Kiev INTELNEWS in English
0202 GMT 31 May 95

[Report by Serhiy Sokolovskiy]

[FBIS Transcribed Text] Kiev, May 30 — Government officials and the Federation of Trade Unions (FUTU) have ironed out most of their difficulties over the 1996 General Tariff Agreement, Labor Minister Mykhailo Kasevych, co-chairman of the government commission overseeing the negotiations, said Tuesday. The negotiating commission agreed to submit remaining disputes to presidential mediation.

The two sides, however, remain at odds over estimation of the minimum wage which, federation leaders say, should not be below the poverty line. According to the FUTU estimates, today's poverty line should equal 3.68 million karbovantsi [K].

"If they do not accept these fair estimates, we may break off talks with the government. In this case, they will shoulder all the burden of responsibility for the failure of the negotiations," says federation leader

Oleksandr Stoyan. Shortly after this statement, however, Stoyan signed the protocol agreeing to submit remaining disputes to President Leonid Kuchma. He explained the decision by the necessity to continue the dialogue with the government.

Labor and government also failed to iron out misunderstandings over the status of the partially unemployed, public welfare and the creation of new jobs.

The federation mapped out a draft presidential decree to enact articles 33 and 34 of the labor remuneration law. According to article 33, salaries are to be adjusted to the inflation index. Article 34 insists on reimbursement of overdue salaries.

"The president promised to sign the decree by the end of the week," Stoyan said.

In a related development, Coal Industry Minister Viktor Poltavets admitted the government's inability to meet miners' demands for back pay and salary adjustments.

"Today the coal industry is confronted with a crisis," said Coal Industry Minister Viktor Poltavets at a Tuesday meeting with Donbass coal miners.

According to the National Bank of Ukraine, as of May, 1, the total debt to the coal industry enterprises was K103 trillion, with coal consumers' debt being K74 trillion. In the last three months the wage debt in the industry has reached K12 trillion, with many miners being owed as much as three-months' back pay.

First Deputy Prime Minister Viktor Pynzenyk said that an increase in the minimum monthly wage to K3.68 million, as demanded by trade unions, would require that the government make a K280 trillion emission, a figure in excess of this year's approved K182 trillion ceiling.

"I would support any decision backed up by real sources of financing," said Pynzenyk.

"The executive power has left coal miners to the mercy of fate," said parliament Speaker Oleksandr Moroz. According to Moroz, the government should raise coal miners' wages by subsidizing the coal industry so that an increase in wages would not cause a growth in the cost of coal.

Lanovyy on Challenges of New Government Formation

*WS3105110395 Kiev INTELNEWS in English
0202 GMT 31 May 95*

["Special to INTELNEWS" by Volodymyr Katzman]

[FBIS Transcribed Text] Volodymyr Lanovyy [president of the Center for Market Reform, leader of the

Liberal Party] has been involved in Ukrainian national politics since independence. He has run for president twice, most recently placing fourth in last year's race. Known as an advocate of rapid market reform, he was elected to parliament in March 1994.

He served briefly in the Cabinet of Ministers, before being forced to resign under pressure from the conservative majority in the government of then-Prime Minister Vitold Fokin. Lanovyy spoke recently with INTELNEWS correspondent Volodymyr Katzman about the challenges Ukraine faces in forming a new government.

[INTELNEWS] Can you talk about the effects of the staff changes occurring in the Cabinet of Ministers and other areas of the government?

[Lanovyy] The staff changes in the Cabinet of Ministers are occurring in a less than normal atmosphere because the previous government resignation was not accompanied by a report on its activities. In the whole civilized world, when a government resigns, the ministers report back to parliamentary committees on their work. And then the committees can determine who of the ministers worked well, who poorly and who possibly should be brought before court for damage done to the state.

In Ukraine, the resignation was not accompanied by any detailed analysis of the individual ministers. Nor was there any discussion of the crisis and its causes by the executive power. The executive branch has stabilized the situation in economy and society.

The most important thing is to find those key factors to change the economic situation. I am convinced it cannot be done without changes of governmental functions. And if we change functions of the government, we will need some other ministries. The structure and the staff of the government is the primary condition for financial stabilization, a precondition to the balance of society's expenditures and revenues and to the stabilization of prices and creation of new grounds for production.

The current structure causes additional budgetary expenditures. The pressure of industrial lobbies is still strong. But neither the president nor the acting prime minister have taken any steps to change the structure of the government. Parliament did not discuss this issue. Nor did the parliamentary economic management committee. Still, it has a simple logical explanation. According to the Power Bill, the president has the authority to form the government and its structures. So, now we can ask the first top official about the situation in the government.

[INTELNEWS] Who has real influence on the process of forming a new government?

[Lanovyy] As far as I see, within the last months Kuchma has formed a certain group of state officials. No doubt, all decisions are made by the president along with his aides, advisers and presidential administration officials. I think there is an understanding between the president and acting prime minister. They worked together in the former government led by Kuchma in 1992. And during Kuchma's presidency, Yevhen Marchuk has climbed up to the post of first deputy prime minister, and then to acting prime minister. So, I suppose there is a certain confidence between them. I think Marchuk strictly follows the principles set forth by the president in his program of reforms. But, I believe, he will find many difficulties in carrying out this course because he is not a management expert.

[INTELNEWS] Do you think government functions should be divided between power branches and within the executive?

[Lanovyy] Of course. We do not know at the moment how functions are divided between the president, who is the top official, and the prime minister, who seems to be the top official as well. Let us go further: what responsibilities do the first deputy prime ministers have? Deputy prime ministers? And justice ministers? There are five levels of subordination in the top executive branch. How do these levels coordinate their activities? There is no way of knowing. And I wonder whether they know.

[INTELNEWS] Are the president and parliament interested in forming the new government quickly?

[Lanovyy] Unfortunately, we face a situation in which two power branches do not treat one another as partners: Who shares the burden of responsibility for the state? That is why both of them lose their power and people's confidence. Still, each of them bears its own responsibility for what is going on in the country.

According to the Constitution, parliamentarians should create laws and conditions for the government's activity. That is why deputies do not pay much attention to the fact that there is no government in Ukraine. The administration wants a new Cabinet of Ministers to be formed soon. I do not think the process has been intentionally slowed down. Most likely, they are going through a process of seeking new candidates, new approaches and correction of the economic course. But if this correction aims to turn financial toughness into a certain softness, which may destroy the price balance, then it is an unwelcome correction.

[INTELNEWS] What do you mean by softness?

[Lanovyy] It is a return to the past. When the state keeps afloat loss-making enterprises. When enterprises

do not return credits, do not pay for raw materials, gas or electricity. Unfortunately, there is ground to think the government and presidential administration is returning to this direction.

[INTELNEWS] Distribution of posts in any government always involves compromise. The Ukrainian political elite sometimes shows its capability to make compromises. What will be the situation while forming a new government?

[Lanovyy] The former government was a compromise. It consisted of people of the old guard and people of the new generation. There were leaders from the command system and leaders who brought new understanding. Because of compromises, the main economic program has never been carried out in some ministries. We should be more consistent. We should choose certain people for a particular program.

[INTELNEWS] Have you been offered a position in the new government?

[Lanovyy] Not yet. I have not heard yet of new names to be brought to the presidential administration, Cabinet of Ministers or National Bank of Ukraine. I think there will be some changes, but mostly among people who now surround the president or prime minister. Some advisers may receive new offices. There may be some changes in the State Property Fund, in the National Bank. The reason for such changes is that one needs to find out who is responsible for our difficult situation.

'Small Privatization' Program in Lvov Detailed

WS3005123295 Lvov VYSOKYY ZAMOK
in Ukrainian 23 May 95 p 2

[Report by Lyudmyla Nosareva: "Small Privatization: It Is Less Than a Year to the Finish..."]

[FBIS Translated Text] We have recently begun to speak about privatization more often and loudly. Does this mean that the time for decisive actions has really come?

At its session on 27 April, the Lvov City Council approved the program of privatization for 1995. Regarding small privatization (this topic was discussed at a news conference with journalists at the offices of the State Property Fund of Ukraine in the city of Lvov), 1,300 enterprises will be privatized this year, including 560 enterprises currently on lease. The budget should receive 1.5 trillion karbovantsi [K]. Over the two preceding years, 320 establishments out of nearly 700 planned for small privatization were already privatized. The remaining enterprises that have not been privatized in due time (386), will also be privatized this year.

Regarding the privatization of lease enterprises, they were granted significant legislative preferences. First, they may be privatized by way of purchasing them by associations of buyers, which have been created on the basis of working collectives. This way, however, is possible only for those enterprises that will file applications for privatization before 1 June 1995; otherwise, they will be privatized (as the remaining state enterprises) through commercial competitions and auction sales. Those working collectives winning commercial competitions will additionally be granted a discount of up to 30 percent of the value of privatized establishments. After 1 June, however, they will not be granted this discount. Following 1 June, the surplus value (prybutkova vartist) of enterprises — which has so far been disregarded — will also be taken into account.

It is envisioned for all enterprises currently under the privatization program that the payment for purchased establishments (movable property and facilities) will be executed gradually during a one-year term. The first 30 percent of an establishment's value should be repaid within a 30-day period after the signing of a sale contract; an additional 30 percent — within a six-month period; and the remaining 40 percent — before the end of one year.

Regarding the privatization of state enterprises that have not been leased, their list is currently being prepared, while a session of the Lvov City Council in late May will determine and approve the ways for privatizing such state enterprises. These ways may include direct purchase, competition, or auction. By 31 December 1995 (this is stipulated by state resolutions), small privatization has to be completed both in Lvov and across Ukraine.

"A legislative basis for conducting small privatization has already been worked out, except for some insignificant questions," Mykhaylo Sirkiv, acting Lvov City representative of the State Property Fund of Ukraine, said. "There is hope that we will manage to complete small privatization on time. Of course, this requires great organizational and technical efforts, as well as great costs, because it is necessary to compile an inventory, evaluate property, make an expert evaluation of facilities, conduct audits, and determine the balance value of privatized enterprises. All this is preliminary work. In addition to money (K120 billion has been earmarked for this purpose), we also need people to do this work expertly and operatively. Therefore, I am encouraging cooperation from commercial and state institutions that possess appropriate licenses for conducting such activities. The State Property Fund of Ukraine will sign a general agreement with them on conducting the entire complex of inventory work."

Mykhaylo Sirkiv thinks that the most expedient way of privatization in trade, public catering, and services today is to sell privatized enterprises to their working collectives. At an auction planned to reopen in Lvov in August-September, only unprofitable enterprises are to be sold. Such an approach will not trigger a social explosion, and this is the main thing. Such a way of privatization may also be supported by the argument that a majority of our citizens are simply unable to participate in auction sales today.

Up to 80 percent of privatization revenues will be administered to support enterprises after their privatization. Employees of the State Property Fund of Ukraine assure that the privatization process can be kept under control. There are all the necessary conditions for this.

Odessa Gas Company Turns Taps Off to Debtors

WS3105101795 Kiev INTELNEWS in English
0202 GMT 31 May 95

[FBIS Transcribed Text] Odessa, May 29 — Odessa natural gas utility Chairman Yevhen Hodin said on Sunday that his organization was turning off gas taps to local enterprises that continue to avoid paying their bills.

"The government's number one task right now is to pay its debts on natural gas and to continue to pay them regularly in the future. Only then will it be possible to buy the gas we need for winter," he said. "In order to achieve this goal the government has undertaken several strict but necessary measures to limit gas usage."

Hodin pointed out that Odessa will require some 17 billion cubic meters of gas for the 1995-96 heating season. He also noted that of the Odessa Regional gas debt stands at 1.5 trillion karbovantsi [K], of which some K1.3 trillion worth of gas was consumed by regional power stations and factories.

"Around 40 factories around the city which have not been paying their debts have already been cut off. The Mikron factory has been idle since March, and yesterday we shut off deliveries to the Krayan factory...as per the specific instructions of the government," observed Hodin. The Mikron plant, now a dilapidated complex in Odessa's Peresyp industrial region, used to assemble electronic components. The Krayan factory manufactures wheeled, tracked, and stationary cranes.

Hodin stated that the Odessa Regional Council intends by these means to "liquidate" its gas debt for last year by the end of the first quarter of 1995. He also remarked that this would not be easy, due to unsophisticated means of calculating gas usage by consumers.

"In practical terms we do not have accounting for gas usage, and we keep on burning it in our old style," he said. "It used to be that we thought that our fuel reserves were bottomless, and that the fuel cost only kopecks. We laid off gas company personnel, and meter readings were not taken. Now past poor management is reaping what it has sown."

Crimea 1st Quarter Market Relations Report

954F2368B *Simferopol KRYMSKIYE IZVESTIYA*
in Russian 24 May 95 p 1

[Report by the State Committee for Statistics of the Republic of Crimea under the rubric "In the Mirror of Statistics": "The Socioeconomic Status of Crimea for the 1st Quarter of 1995: Development of Market Relations"]

[FBIS Translated Text] Of the total number of enterprises, the proportion of industrial enterprises with the state form of ownership is 60.7 percent, and their share in the overall volume of production is 74.7 percent. On 1 April 1995, 128 enterprises (39.3 percent of the total number) worked in the nonstate industrial sector, of which 78 were leased and 21 were joint-stock companies.

Almost 47 percent of construction enterprises worked in the nonstate sector of the economy in the first quarter.

Eight hundred and eighty-four stores and booths and 418 public catering enterprises that sold commodities for 2.6049 trillion karbovantsy (29 percent of the total volume of commodity turnover) worked in leased enterprises.

Privatization of the state housing fund is continuing in Crimea. In the first quarter in the republic 10,700 apartments and single apartment homes were privatized. However, the rate of privatization decreased by almost a half in comparison with the corresponding period of last year. As before, the main part of the privatized apartments—64 percent falls to the housing fund of the local soviets. The population received ownership of 93 percent of the privatized apartments free of charge and with compensation by housing checks.

During the entire period of privatization (since January 1993), 136,600 apartments and one-apartment homes have been transferred to the personal ownership of citizens, which is one-third of all apartments of the state fund at the beginning of privatization. By the end of the first quarter of 1995 more than 6,000 families had submitted applications, and are awaiting the formulation of documents for privatization.

Crimea 1st Quarter Consumer Market Report

954F2368A *Simferopol KRYMSKIYE IZVESTIYA*
in Russian 23 May 95 p 2

[Report by the State Committee for Statistics of the Republic of Crimea under the rubric "In the Mirror of Statistics": "Crimea's Socioeconomic Status for the First Quarter of 1995—the Consumer Market and the Services Sphere"]

[FBIS Translated Text] A fourth less consumer commodities were produced in the first quarter of 1995 than in the first quarter of last year. There was a reduction in all articles necessary to the population, especially light industry commodities (by 68 percent). Output of consumer commodities fell in 62 percent of enterprises.

Food products were produced for 1.9081 trillion karbovantsy less than in the first quarter of 1994. The production of a majority of types of food products decreased by 20-40 percent by comparison with the corresponding period of last year.

Production of light industry commodities amounted to only 32 percent of the volume of the first quarter of 1994.

Output of cultural-everyday and household commodities decreased. The output of electric mixers was less by a factor of 8.4, color televisions and radios—less by a factor of 2-3.5, and furniture—21 percent less.

The total volume of retail commodity turnover amounted to 8.6988 trillion karbovantsy, and in comparison with 1994 in comparable prices it fell by 15 percent. Owing to the increase in prices, 81 percent of the total volume of retail commodity turnover was obtained.

There was a decrease in the sale to the population of potatoes (48 percent), vegetables (32 percent), and fruit (63 percent).

Of the industrial commodities group, there was an increase in supplies for the market fund of detergents by 22 percent, wool fabrics—by 33 percent, linen fabrics—by 50 percent, knitted articles—by a factor of 2.1, and rubber footwear—by a factor of 3.7.

There was a decrease in deliveries to the market fund of foodstuffs; meat products, butter, nutritional fat, and tea—by 39-49 percent; sugar, cheese, canned fish, and fish—by 52-67 percent, margarine—by 84 percent, and pastry articles—by 91 percent.

Prices for agricultural products on the kolkhoz markets of four cities under consideration (Simferopol, Sevastopol, Kerch, and Feodosia), in comparison with the corresponding period of last year increased by a factor of 4.8, including for plant-growing products—by a factor of five, and animal products—by a factor of 4.6.

The volume of paid services to the population in prices comparable to the 1994 level fell by one-third and amounted to 3.1 trillion karbovantsy.

Belarus

Yeltsin: Russia, Belarus Border No Longer Exists

LD2605120895 Moscow ITAR-TASS in English
1123 GMT 26 May 95

[By Andrey Serov and Andrey Shtorkh]

[FBIS Transcribed Text] MINSK, May 26 (ITAR-TASS) — "The border between Russia and Belarus no longer exists," said president Boris Yeltsin, having signed a joint Russo-Belarusian statement, co-signed by the Belarusian president Alyaksandr Lukashenka. The signing of the document was timed to coincide with the completion of the first stage of the creation of the Customs union. The statement says that the sides are satisfied with the progress of the realization of an agreement on the Customs union. Apart from Russia and Belarus, the agreement was signed by Kazakhstan as well. The sides expressed hope that in 1995 further progress would be made in strengthening traditional economic ties between Russia and Belarus. Today, the Russian president issued a decree on "lifting customs control on the border between Russia and Belarus".

As for the removal of border demarcation posts, which was widely discussed on the eve of the summit, President Yeltsin clearly declared in Minsk today that he does not intend to take part in this ceremony. "This is not the thing for a royalty," Yeltsin said in jest. The Belinform news agency reported with reference to sources close to the Russian president that the ceremony of removing border line posts would be attended by the chairman of the Federation council Vladimir Shumeyko, who might be joined by the speaker of the lower house of the Russian parliament Ivan Rybkin. It is not immediately clear whether the ceremony will be attended by the Belarusian president Alyaksandr Lukashenka.

Vietnamese Deputy Prime Minister Visiting Minsk

LD3005182495 Moscow INTERFAX in English
1557 GMT 30 May 95

[FBIS Transcribed Text] MINSK, May 30 (INTERFAX-WEST) — Trade and economic relations between Belarus and Vietnam must be built at the government level and at the level of individual regions, districts provinces and even individual enterprises, the Vietnamese Deputy Prime Minister Tran Duc Luong has said. He is in Minsk on a three-day official visit.

As he was received by President Aleksandr Lukashenko on Tuesday [30 May], Tran Duc Luong voiced the certainty that enterprises should search for mutually beneficial options of cooperation and ways of implementing them.

President Lukashenka said that the time of disinterested assistance was gone and that Vietnam no longer needed such aid. He said that Belarus was interested in supplying Vietnam with products of machine-building on conditions that would benefit either side. Vietnam said it would import heavy-duty MAZ trucks and MTZ tractors.

Tran Duc Luong believes that cooperation by Belarusian and Vietnamese scientists in various fields is very promising. He is certain that Belarusian-Vietnamese cooperation in the military-technological sphere also has a future.

Received by President Lukashenka

LD3005180895 Minsk Radio Minsk Network
in Belarusian 1600 GMT 30 May 95

[FBIS Translated Excerpt] It has emerged from official sources that on the second day of the working visit to our republic by the delegation of the Socialist Republic of Vietnam headed by Deputy Prime Minister Tran Duc Luong, members of the delegation had a meeting with the president of Belarus, Alyaksandr Lukashenka. Replying to journalists' questions following the meeting, Alyaksandr Lukashenka dwelt on the mutual interest of the sides in economic cooperation between Belarus and Vietnam: It is very advantageous for us, especially in the field of machine-building. The Vietnamese side is interested in obtaining our tractors, output from MAZ [Minsk Automobile Works], BelAZ [Belarus Automobile Works] and [words indistinct].

Vietnam also expressed the aspiration to cooperate with Belarus in the military-technical field. [passage omitted]

Party Leader Warns of 'Totalitarianism'

WS3005125595 Minsk MMC in Russian
1030 GMT 30 May 95

[FBIS Translated Text] Commenting on the second round of the legislative elections, Party of Popular Accord Chairman Henadz Karpenka told a MMC correspondent: "At present, deliberate destruction of Belarusian statehood is being carried out by the executive power structures. It is difficult to make a different assessment of the situation at a time when the president discredits the parliamentary idea in his every public appearance and the presidential newspaper SOVYETSKAYA BELORUSSIYA publishes articles appealing to ignore the elections. If the elections to local soviets fail to take place on 11 June [1995], it will be a clear sign that Belarus is moving toward totalitarianism." Mr. Karpenka believes that in the present situation, the old Belarusian Supreme Soviet should convene to introduce amendments to the Law on Elections, and to discuss the

current situation in the Republic. Asked by a MMC correspondent what he thought about legislative speaker Myachleslaw Hryb's behavior, he declared: "I am not surprised that Hryb allowed Lukashenka to dictate his will to him. When he was elected, I openly said that the parliament had received a 'pocket commissar.' Now, I would call Hryb a 'little percussion cap [pistonchik] in a pocket.'"

Communist Leader Vows Fight Against Presidency
WS3005125495 Minsk MMC in Russian
1030 GMT 30 May 95

[FBIS Translated Text] Viktor Chikin, leader of the Belarusian Party of Communists, stated: "The growing tendency of Communists and Agrarians to gain power did not come as a surprise: This process is now occurring in all post-Soviet countries." Asked to comment on statements by the president that he would like to see neither Communists nor BNF [Belarusian Popular Front] representatives in a new parliament, Mr. Chikin answered: "I have always believed that people were given a tongue to hide their thoughts." Asked what the Party of Communists was going to do if the new parliament is elected, Mr. Chikin said: "It seems that the president does not need a new parliament very much. At present, according to the Constitution, the parliament is rather a figurehead. The Communists will not press for impeaching the president, but they will certainly fight to eliminate the institution of the presidency."

Moldova

Iranian Vice President Arrives on 'Working Visit'
AU3005140295 Chisinau INFOTAG in English
1930 GMT 29 May 95

[FBIS Transcribed Text] Chisinau INFOTAG, 29/5/1995 — A governmental delegation of the Islamic Republic of Iran arrived in Chisinau for a three-day-long working visit Monday [29 May]. It is headed by the vice president of Iran, head of the government, president of the Iranian Academy of Sciences Dr. Hasan Habibi.

The representative delegation arrived in Chisinau on a big Boeing plane, and will have meetings in ministries, state departments, etc. establishing business-like contacts. Several more representatives of the Iranian Government have stayed in Chisinau for a week preparing the visit.

The Moldovan and Iranian governmental delegations had their first meeting already Monday night.

The chief aim of the visit is to establish close ties in various spheres of economy, and, in perspective, setting up joint ventures, the governmental press service said to INFOTAG.

This implies Moldovan exports of food products, vegetable oil, tractors, pumps, and other products to Iran. Moldova wishes to purchase Iranian engines for organizing the production of mini-tractors in Chisinau. The sides are negotiating supplies of Iranian oil for Moldova.

Moldovan Prime Minister Andrei Sangheli recently met with the newly-appointed Iranian ambassador extraordinary and plenipotentiary, Mr. Mehdi Safari, and negotiated the possibility of establishing a joint production of mini-tractors at the Chisinau Tractor Factory, and supply of 55 Iran-made tractor engines for the purpose, as well as participation of Iranian entrepreneurs in re-equipping the Resina Cement Mills.

Russian Handling of 14th Army Situation Criticized
LD3005201495 Moscow INTERFAX in English
1751 GMT 30 May 95

[FBIS Transcribed Text] CHISINAU, May 30 (Interfax) — Moldovan parliament speaker Petr Luchinskiy said at a news conference in Chisinau Tuesday [30 May] that the Russian State Duma has treated the issue of the 14th Army in a crazy way.

The State Duma objected to hasty withdrawal of the Russian 14th Army from Transdniestria at the May 23 hearings.

"One should not take the Russian State Duma decisions tragically. A second reading will probably take place and the Federation Council and the Russian President may support the Moldovan position and we hope that the treaty on the withdrawal of the army will be adhered to," Lucinschi said.

Asked by journalists if the possible resignation of Lieutenant General Aleksandr Lebed from command of the army will result in chaos in the region, Lucinschi said that the consequences of the resignation will be negative but not fatal.

Kazakhstan

Explosion Destroys Atom Bomb at Semipalatinsk

LD3105131195 Moscow *ITAR-TASS World Service*
in Russian 1238 GMT 31 May 95

[By *ITAR-TASS* correspondent Veronika Romanenkova]

[FBIS Translated Text] Moscow, 31 May — The atomic bomb lying in an underground gallery at Semipalatinsk test site in Kazakhstan was destroyed by an explosion today. *ITAR-TASS* was informed of this by a reliable source. Specialists stress that this was not an atomic explosion but an explosion aimed at destroying the charge. It did not cause any damage to the environment and does not represent any danger to people.

The bomb that was blown up today was prepared several years ago to be exploded and sealed into the gallery. However, because of a protest from Kazakhstan the explosion did not take place. At the same time, it was not safe to store the charge underground any longer. Therefore, Russian and Kazakhstani specialists carried out preliminary investigations and then blew it up.

A unilateral moratorium on nuclear tests was introduced by the USSR in 1991. Russia also adopted a unilateral moratorium. Nuclear specialists differ from politicians in that they consider the importance of banning nuclear tests as the main step preventing the spread of nuclear weapons to be overestimated. The point is that tests not only made it possible to create new weapons but also to maintain the reliability and safety of the existing arsenal. As a result, specialists are obliged to carry out this work only theoretically.

President Meets Dushanbe Delegation on Peace Talks

LD3105104195 Moscow Russian Television Network
in Russian 1000 GMT 31 May 95

[From the "Vesti" newscast]

[FBIS Translated Text] Inter-Tajik talks are continuing in Almaty. Today an official Dushanbe delegation met Kazakh President Nursultan Nazarbayev. He asked both sides to reach a peace agreement and end the bloodshed on the border. The Kazakh president believes that a lasting peace must be established in Tajikistan, and measures must be taken to return the refugees on the basis of the presence of UN forces.

State Border Protection Committee Formed

MM3005130595 Moscow *KRASNAYA ZVEZDA*
in Russian 30 May 95 p 1

[Report by Anatoliy Ladin: "Kazakhstan: Improving State Border Protection"]

[FBIS Translated Text] Almaty — On 19 May President Nursultan Nazarbayev of Kazakhstan promulgated the edict "On Forming the Republic of Kazakhstan State Committee for Protection of the State Border."

The new state committee is a central organ of state administration. Another presidential edict appoints as chairman of this committee Major General Belat Zantsev, who remains simultaneously commander of Border Guard Troops. The Military Institute, hitherto part of the Committee of National Security structure, is henceforth part of the Border Guard Troops structure.

Baykonur Space Center Jubilee Held

MM3005153695 Moscow *ROSSIYSKAYA GAZETA*
in Russian 30 May 95 First Edition p 2

[Unattributed report: "Space Center's Birthday"]

[FBIS Translated Text] Festivities devoted to the 40th anniversary of the space center will begin in Baykonur today.

The celebrations will last to the end of the week. Apart from the birthday, there is another reason — all questions relating to the status of the "space harbor" have finally been settled. Kazakhstan has leased the space center to Russia for 20 years. On expiry of this period the lease can optionally be extended for another decade.

Meanwhile work at Baykonur will have to be started virtually from scratch. One of the prime concerns is to organize a space communications system. So far this year not a single unit of this system has been started up. Of the 24 communications and television satellites in orbit only six are not yet at the end of their service lives. The rest are so worn out that they could break down at any time.

No Resurs-series remote-sensing satellites have been launched in Russia for 18 months. The damage caused by the failure to carry out launches currently runs to around 120 billion rubles. This is a paradox — after all, launches were stopped owing to inadequate funding. But money is being lost!

Do the festivities at Baykonur mark the start of a new blossoming of Russia's space program?....

Decree on Council To Draft Constitution

954F2384A Almaty SOVETY KAZAKHSTANA
in Russian 25 May 95 p 1

["Decree of the President of the Republic of Kazakhstan On the Expert Consultative Council of the President of the Republic of Kazakhstan for the Draft New Constitution of the Republic of Kazakhstan"]

[FBIS Translated Text] With the aim of analyzing and accomplishing independent expert review of the draft new Constitution of the Republic of Kazakhstan, I DECREE:

1. To form the Expert Consultative Council of the President of the Republic of Kazakhstan, consisting of the following:

Yu.G. Basin—professor, Kazakh State Institute of Law of the Ministry of Justice, doctor of legal sciences;
V.A. Kim—head of the Department of State Law, Kazakh State Scientific Institute, doctor of legal sciences;

K.A. Kolpakov—personal representative of the president of the Republic of Kazakhstan in the Supreme Council of the Republic of Kazakhstan, candidate of legal sciences;

A.K. Kotov—deputy director of the Scientific Research Center for Private Law of the Kazakh State Institute of Law of the Ministry of Justice, doctor of legal sciences;
B.A. Mukhamedzhanov—head of the Department for Legislative Initiatives and Legal Expertise of the apparatus of the president of the Republic of Kazakhstan;
Ye.K. Nurpeisov—rector of the Kazakh State Institute of Law of the Ministry of Justice, candidate of legal sciences;

G.S. Sapargaliyev—director of the Institute for the State and Law, corresponding member of the Republic of Kazakhstan National Academy of Sciences;

M.K. Suleymenov—director of the Scientific Research Center for Private Law of the Kazakh State Institute of Law of the Ministry of Justice, corresponding member of the Republic of Kazakhstan National Academy of Sciences (scientific director);

N.A. Shavkenov—minister of justice, doctor of legal sciences.

To determine, upon agreement, foreign experts consisting of the following:

S.S. Alekseyev—chairman of the Scientific Council of the Russian Federation Research Center;

Jacques Attali—adviser, State Council of France;

Roland Dumas—chairman of the Constitutional Council of France.

The Expert Consultative Council shall complete its work by 10 June of this year.

2. To direct the Expert Consultative Council to examine and generalize comments and proposals expressed during the course of universal popular discussion of the draft new Constitution of the Republic of Kazakhstan.

[Signed] President of the Republic of Kazakhstan N. Nazarbayev
Almaty, 22 May 1995.

Karaganda Miner on 'Sokurskaya' Situation

954F2381A Almaty SOVETY KAZAKHSTANA
in Russian 25 May 95 p 3

[Article by Vitaliy Yeltsov: "Why Do the Miners Have Empty Pockets?"]

[FBIS Translated Text] Karaganda Oblast—The Karaganda coal basin is in a constant state of frenzy. Coal mining work has been frozen on many of the faces and the state's indebtedness for wages continues to grow. This letter from a tunneler of the Sokurskaya mine of the Karagandugol Mining-Chemical Combine is confirmation of this fact.

Without Correction or Comment

I am 36 years old and I have spent 14 of those years working in the Sokurskaya mine. I am married and have three children. I earn 8000-10,000 tenge but I have not seen these wages for several months now. Actually, this is what motivated me to take up my pen, although I have never written to anyone before this.

Then out of the blue my wife said: "Do you intend to feed your children or are we supposed to go out begging with you?" She was right: What kind of a man am I if I cannot feed my family. I am not an idler, not a blowhard, and I do not work as some kind of janitor—I am a miner! Not everyone can work as a tunneler either. It takes strength and conditioning and knowledge in order to drill into the earth in the right direction so it will be easier to get at the coal. I used to get 300-400 rubles for my labor. That was enough to live on and I even managed to put some aside. I had hopes of buying a car, but then the Union collapsed.

It is a pity, of course, but we were convinced that sacrifices would be inevitable during the period of transition to a civilized society, that we would have to pay and pay a high price for a market that could bring us abundance. Well, if you have to, you have to, since there is no alternative, and perhaps it is true that our past life in the Union was nothing but a big deception, merely the appearance of well-being. But there is just one thing

I cannot understand: However bad it may have been, I always received my wages like clockwork. And I was quite satisfied with the amount. And now?... I work, but I get no wages. How can I live and on what?!

My wife again: "Go into business. Here people are trading in things and they have enough." I thought and thought about it, but that is not for me. And I do not have the money for, as they say, initial capital.

When it became completely unbearable, I went to the director of the mine. He threw up his hands: There is no money because nobody is making any payments. I went to the trade union committee. There they explained to me that there is no law allowing people not to pay wages. The Code of Labor Laws, and the Constitution, and the Human Rights Declaration are on my side. So why do they not pay, or was the law not written for bureaucrats?

The chairman of the trade union committee shrugged his shoulders: "I do not understand it: myself," he said. "We have written about this to the president and the Supreme Council and the republic procurator general and the court—nobody can do anything, they say, because of the economic situation that has developed. We will have to strike."

We went on strike. For 17 days I did not go down into the mine, hoping that now somebody would listen to us: So many people had joined voices to voice their problems. They listened and listened, but still there were no wages. And even the first deputy prime minister promised to come to our collective and straighten things out and to help.

There was nowhere to turn, I went back to mine coal for the country. But everything was seething within me. And more and more frequently blind rage took over reason. That is what is disturbing. I was no longer strong enough to be a law-abiding citizen if the state, which fleeces you for taxes, is not able to provide people with even a slightly bearable existence and protect our legitimate rights and interests. Because as it turns out I, a normal and healthy man, am unable to feed my family.

Is this the economic policy? Then I do not like it. I thank the government for the peace in Kazakhstan and thank them for solving the citizenship problems. I am certain that the issue of languages will be removed from the agenda as well. Incidentally, the brotherhood of miners never knew these problems: In the mines the Kazakhs and the Russians and the Germans all get along quite well, and if there is an accident you go and help your comrade without asking his nationality. It is an altogether different issue that torments us: How to live without wages?

I ask myself: What am I working for? Why do I have to pay for everything (medicine, education, products at the bazaar, reforms, and others' mistakes in conducting them) but for my product—manpower—apparently nobody has any intention of paying.

I am not writing all this out of malice. Things have gotten to the point where I can no longer remain silent. I am embarrassed to ride in a bus: The conductor acts as though I ought to walk to work. I have nothing with which to pay for my apartment, municipal services, the kindergarten. My wife is on leave without pay. Every day she asks me when I will bring her some money. But whom can I ask? Incidentally, I work for a state enterprise and not a private businessman.

I am not the only one who thinks as I do, but not everyone will decide to write. Well, I have decided to do it. Will it help?

Kyrgyzstan

Aga Khan Arrives, Holds Talks With Akayev

LD3005202595 Bishkek Kyrgyz Radio First Program Network in Kyrgyz 0500 GMT 30 May 95

[FBIS Translated Excerpt] Yesterday Karim al-Husayni Aga Khan IV, the 49th Imam and leader of the world Ismailis, arrived in Bishkek from Dushanbe. [passage omitted]

A meeting took place the same day between President Askar Akayev and His Highness Aga Khan IV, Imam of the Ismailis, in the Square Hall of Government House. Greeting the high-ranking guest, Akayev said that the people of Kyrgyzstan know him as an outstanding public and religious figure and have a profound respect for his (?teachings) and the large scope of His Highness' work involving enormous social and charitable aid to countries in various corners of the world. All the countries of our region are greatly concerned by the situation in Tajikistan and we are doing everything possible for a peaceful settlement to it. We viewed the peace-making mission in Tajikistan with great satisfaction and we are sure that your great authority will promote the settlement of the conflict in that country.

Islam Karimov, president of Uzbekistan, telephoned me just now, Akayev said later. He thinks your visit today is very timely and topical. [passage omitted]

IMF Basic Indices of Reforms Puts Kyrgyzstan Fourth

LD3105100495 Osh OSH JANYRYGY in Kyrgyz 25 May 95 p3

[FBIS Translated Text] The IMF's Second European Department has prepared the basic indices of reforms

in the former countries of the Soviet Union, as of the end of 1994.

According to this data, Kyrgyzstan is in fourth place, after Estonia, Latvia, and Lithuania, and is ahead of other countries including Russia, Kazakhstan, Moldova, and Ukraine.

It is established that significant progress has been made in privatization, land reform, and trade liberalization, and medium progress in institutional reforms and in fiscal policy (particularly in the financial and law enforcement agencies), and in legal reforms. Progress has not been so great only in the sphere of social security.

The Kyrgyz Republic has won the IMF's confidence and is successfully carrying out the reorganizations and receiving credits for this. In particular, in 1993 the republic twice used credits to finance the complex system of reorganization. In addition, it drew up an agreement on reserve credits for 1993. Last year it obtained large credits for the wider funding of structural reforms.

Tajikistan

Talks With Russia on Defense Industry Production

LD3105110095 Dushanbe Radio Tajikistan Network in Tajik 0800 GMT 31 May 95

[FBIS Translated Text] Tajikistan's President Emomali Rakhmanov has had a conversation with Leonid Ostanshenkov, an adviser in Russia's main state defense industry department. They discussed the production of military equipment at Tajikistan's defense enterprises to meet the needs of the republic of Tajikistan and of the Russian Federation.

It was stressed that a working group has started a study on the use of defense enterprises and the construction of new capacities based on them.

Need for Concessions at Inter-Tajik Talks

MM3105105995 Moscow KRASNAYA ZVEZDA in Russian 31 May 95 p 3

[Report by Anatoliy Ladin in Almaty and Vitaliy Strugovets on interview with Makhmadsaid Ubaydullayev, first deputy prime minister of the Republic of Tajikistan; place and date not given: "Agreement Impossible Without Reciprocal Concessions. No Success During Last Week's Fourth Round of Inter-Tajik Talks"]

[FBIS Translated Text] In an exclusive interview for KRASNAYA ZVEZDA, Makhmadsaid Ubaydullayev, first deputy prime minister of the Republic of Tajikistan and head of the government delegation, noted that Tajikistan rejects the opposition's proposals to create

a National Salvation Council and to introduce amendments to the republic's Constitution currently in force. Official Dushanbe is prepared to discuss only an indefinite extension of the agreement on cease-fire along the border and inside the republic, the unhindered repatriation of Tajik refugees now on Afghanistan's territory, and the potential activities of political parties and movements. But all of Dushanbe's proposals are subject to certain conditions. Only an indefinite extension of the cease-fire agreement. Repatriation of refugees without fail by 9 September—State Independence Day. And the activity of opposition parties on Tajikistan's territory will be possible only subject to the "democratic spirit and nature" of their programs and charters. Judging by Ubaydullayev's statements, the government delegation will insist on these demands to the end.

As for the opposition, which began the talks quite aggressively, the fervor of its representatives has been dampened somewhat. At the end of last week the leaders of Tajikistan's Islamic Revival Movement declared their readiness to withdraw part of their demands. Specifically, for the immediate resignation of President Emomili Rakhmonov of the Republic of Tajikistan. But the opposition still insists on the creation of a National Salvation Council and the introduction in Tajikistan of UN peacekeeping forces which could take on the disarmament of the warring sides.

In our view, the reason why the talks are "marking time" is that top personalities capable of making specific decisions are not present in Almaty. The Kabul meeting is a graphic example of what Rakhmanov and Nuri can achieve. And one more point: Compromise can never be achieved without reciprocal concessions. This is an axiom of diplomacy.

Government, Opposition To Exchange POW Lists

LD3005190795 Moscow INTERFAX in English 1825 GMT 30 May 95

[FBIS Transcribed Text] ALMATY, May 30 (INTERFAX) - The Tajik authorities and the opposition agreed to exchange lists of POWs and political prisoners by June 25 in Almaty Tuesday [30 May].

The head of the opposition delegation, Akbar Turadzhonzoda, told INTERFAX that the two sides had decided to step up efforts to repatriate refugees.

However, Turadzhonzoda emphasized that the opposition "will not call on refugees to come back home," because "the government disagreed with our conditions for the creation of safety zones for those deciding to return."

The opposition delegation also proposed extending ceasefire on the Tajik-Afghan border and inside the republic until late November provided Dushanbe pulls out its troops from Gorny Badakhshan.

To prepare the ground for the future exchange, the two sides agreed to submit the lists to the International Red Cross Committee later this afternoon.

Turadjonzoda said "hundreds, maybe thousands of opposition supporters are in Tajikistan's prisons, while the opposition has imprisoned dozens of government supporters."

Opposition 'To Extend' Cease-Fire Agreement

LD3005170595 Moscow INTERFAX in English
1642 GMT 30 May 95

[FBIS Transcribed Text] ALMATY, May 30 (INTERFAX) - The Tajik opposition is prepared to extend the ceasefire agreement on the Tajik-Afghan border and inside the country until the end of November.

The ceasefire had been extended until August 26 at the meeting of Tajikistan President Emomali Rakhmanov and chairman of the Islamic Revival Movement of Tajikistan Sayed Abdullo Nuri in Kabul on May 18 and 19.

Now the opposition is prepared to extend the ceasefire until the end of November, a member of the opposition negotiating team at the talks in Almaty told INTERFAX Tuesday, if Dushanbe pulls out its troops from Gorny Badakhshan, an autonomous region in the east of the country.

He said that troops were sent there in contravention of an agreement, signed by the parties to the conflict in Tehran on September 17, 1994, that banned troop movement and maneuvers.

Islamic Revival Deputy Chairman Interviewed

LD3005162895 Almaty PANORAMA in Russian
27 May 95 p 5

[Interview with Haji Akbar Turajonzoda, first deputy chairman of the Islamic Revival Movement of Tajikistan, by unidentified PANORAMA correspondent: "Haji Akbar Turajonzoda, the Islamic Revival Party of Tajikistan: We will never thrust our opinions on society by use of force"]

[FBIS Translated Text]

The Opposition's Proposal on Creating a Coalition Council of the National Accord was Rejected

The leader of the opposition delegation at the fourth round of the inter-Tajik negotiations, Haji Akbar Tura-

jonzoda, first deputy chairman of the Islamic Revival Movement of Tajikistan, answers the questions of a PANORAMA correspondent.

[PANORAMA] How do you assess the situation that has developed in Tajikistan up to the moment of the beginning of the regular round of negotiations?

[Turajonzoda] The situation in Tajikistan is very complicated; I can even describe it as highly explosive. The situation worsened in particular after the unilateral elections for the president of Tajikistan, the parliament and the referendum on adopting the constitution of the republic, which were held without the participation of the opposition. The one-sidedness of these measures has strengthened the polarization of opinions in Tajik society and has affected inter-ethnic and inter-regional relations. It is no secret that practically all the important posts in the present leadership are held by people coming from one region of one of the provinces.

The economic and military situation of the republic is also constantly worsening. Many Tajiks do not want to serve in the government armed forces, owing to which there are many cases of desertion and even murders — as recently happened to the deputy military commissioner in Khodzhen.

[PANORAMA] Does this mean that the civil war in Tajikistan can be described only as a conflict situation concerning various regions?

[Turajonzoda] No, it does not. It cannot be ascribed to just regional conflicts. It is the struggle of ideas and opinions. As a result, the representatives of Kulyab region came to power under the red flags in general. They did it with the help of other states.

[PANORAMA] How do you assess the present position of the opposition?

[Turajonzoda] Recently we received broad recognition from various authoritative international organizations: the United Nations, the Organization for Security and Cooperation in Europe [OSCE], and the Organization of the Islamic Conference [OIC]. An opposition delegation visited the United States and France where it met the representatives of the governments of these countries. There were also important meetings with Presidents Karimov and Akayev. All the above shows the fact that the most differing circles of various countries of the world are inclined to see a real force in the opposition.

[PANORAMA] Much is being said about Russia's role in the Tajik problem. How does the opposition assess this?

[Turajonzoda] Unfortunately, the position of Russia is not simple. Moscow is unlikely to have a single center

for adopting decisions. Quite often the interests of separate departments — the Ministry of Foreign Affairs, the State Duma, the Ministry of Defense, and the border service prevail over the national interests of Russia in Tajikistan, and these carry out a non-coordinated policy. The most rational position is that of the Ministry of Foreign Affairs. However, in the connection with the beginning of the election campaign in Russia, the ideas of the rebirth of the USSR are strengthening and being placed above the interests of all citizens as a whole.

Of course, the opinions of the Tajik opposition are contrary to the interests of many Russian political and military figures. We support preservation of friendly relations with Russia, but we are against any union, confederative or federative, against the rebirth of the USSR, and against increasing the number of the Russian troops' contingent in Tajikistan.

[PANORAMA] But do you agree to the Russian military presence in Tajikistan in principle?

[Turajonzoda] Yes, we do. We understand that Russia has its own geopolitical interests in this region, for which the presence of the military contingent is necessary here. We are not against it, but we consider that the number of this contingent must not exceed 3,000 or 4,000 and it must be placed under the strict control of international observers. Today's situation does not suit us, with the so-called collective peacekeeping forces consisting 90 percent of Russian military personnel, and with the participation of Kazakhstan, Uzbekistan, and Kyrgyzstan merely symbolic.

The present Tajik Government does not object to the rebirth of the USSR and this suits the nationalists and communists in Russia.

[PANORAMA] Reproaches are quite often made against the Tajik opposition in connection with the drugs trade and for their endeavors to establish a strict regime which suppress heterodoxy.

[Turajonzoda] To my mind, the West has today already come to the conclusion that the Islamic movement in Tajikistan is not extreme. Otherwise, we would not have been invited to the U.S. Congress or to the Carnegie Foundation and significant political figures would not have met us.

Official Tajik Government propaganda tries to stick a label of political extremism on us, but we declare always and everywhere that we will never thrust our opinion on society through the use of force. We intend to act as a public movement based on the Constitution; we will explain our aims and tasks to the people.

As for the assertion that the opposition is allegedly engaged in drugs sales, it is impossible to imagine anything more absurd. Our opponents accuse us simultaneously of two incompatible things: of striving to build an Islamic state and of participating in the drugs trade. If we are the advocates of Islam, then how can we be involved in drugs, which is prohibited by God?

[PANORAMA] How do you see the possibility of resolving the situation in Tajikistan?

[Turajonzoda] Our ideas in connection with this are stated in the proposals put forward by our delegation at the negotiations. It is necessary to announce a transition period during which all the supreme military and political power must belong to a Council of National Accord. Each of the two Tajik sides must provide 40 percent of the composition from their representatives: 20 percent must come from the nationality communities of the republic and one neutral person to head the Council of National Accord. Economic and sociopolitical commissions must be set up with equal representation of the sides. Elections to the new parliament must be held on the basis of a new election law, under the control of the United Nations and with the active participation of the OSCE, the OIC, the EU, and observer countries. As well as this, the Tajik sides must apply to the secretary general and the UN Security Council with a request for the deployment of UN peacekeeping forces in Tajikistan, which would have to disarm the military formations of both Tajik sides.

[PANORAMA] How do you assess the course of this round of negotiations and the prospects of resolving the conflict in general?

[Turajonzoda] Unfortunately, the delegation of the government of Tajikistan does not have sufficient authority. Our proposal on setting up a Coalition Council of National Accord was rejected.

The future of a Tajik resolution will depend on the position of Russia on this issue and the course of the meeting of the heads of the CIS in Minsk. We hope that the information on the real state of affairs in Tajikistan will be reported to President Yeltsin of Russia. Our meeting with Uzbek President Karimov and Kyrgyz President Akayev was directed towards this.

[PANORAMA] How do you assess the role of the observer countries in the process of resolving the conflict?

[Turajonzoda] As it is generally known there are seven such countries and they are helping to find a political settlement to the Tajik problem on the basis of equality. All these states really want peace as soon as possible. Taking this opportunity, I want to express my profound

gratitude to Kazakhstan and its leadership for their endeavors to resolve the conflict and for their contribution to this process.

[PANORAMA] While visiting Tajikistan I noticed more than once that the war has made people embittered. Is it possible now, two or three years into the war, to reconcile people, against this background?

[Turajonzoda] Yes, it is. The bitterness of people does exist and a certain time must pass in order to dissipate it. It is the duty of politicians and journalists to help hasten this process. A military settlement of the problem does not have real prospects in Tajikistan, the same as in other similar conflict areas.

Uzbekistan

President Views Outcome of CIS Summit

LD3005163295 Tashkent NARODNOYE SLOVO
in Russian 30 May 95 p 1

[FBIS Translated Excerpt] In our epoch-making time of great changes there are virtually no major problems which are not of general significance for the whole of mankind. [passage omitted: world community pins much hope on integration of CIS countries]

There have been 17 meetings of the CIS heads of state. A total of over 500 documents on various areas have been signed at those meetings. However, because the implementation mechanism has not really been worked out, many of them have remained just on paper.

Expressing his opinion on the agenda of the regular session in the capital of Belarus, President Islam Karimov of Uzbekistan drew attention to the fact that it contained a great number of military topics.

"The CIS ought to become a commonwealth, which has a mission to resolve mainly economic problems and ease the CIS member states' difficulties in the transitional period, help them quicker to achieve prosperity and well-being," our president said. "The experience of the European Union member states shows that this is this path that meets the historical aims and goals." [passage omitted: various issues considered and documents signed during meetings in Minsk on 25 and 26 May]

At the same time Uzbekistan resolutely declared its particular opinion on the approach to the matter of the protection of the CIS external border. To this end the member of our delegation underlined that the CIS is not subject to international law, in other words it is not a separate state. Each independent state must protect its own borders itself.

The heads of the CIS member states adopted the decision on extending the mandate of the CIS peace-keeping troops based in Tajikistan and Abkhazia.

The president of Uzbekistan again underlined the need to resolve peacefully the problem of restoring peace in Tajikistan. He noted that a push toward resolving this problem by military means was unacceptable.

Unfortunately, there are many mercenaries who are prepared to fight anywhere in the world for a decent reward. In order to prevent mercenary forces from gathering on the other side of the Tajik-Afghan border, Tajikistan's leadership must secure a constructive dialogue with the opposition and use all political means to put an end to the fratricidal war in the quickest possible manner. [passage omitted: agreements reached earlier between Uzbekistan and Belarus soon to take concrete form]

Cabinet of Ministers Issues Decree on Economic Reforms

LD2705084795 Tashkent NARODNOYE SLOVO
in Russian 26 May 95 p 1

[Decree issued by Cabinet of Ministers of the Republic of Uzbekistan: "On Serious Shortcomings in Carrying Out Economic Reforms in the Consumer Cooperatives System"; in Tashkent on 25 May]

[FBIS Translated Text] The study conducted by the interdepartmental commission on the pace of economic reforms in the republic's consumer cooperatives indicates that there are essential shortcomings and omissions in the measures being implemented. Certain local leaders are hindering the process of carrying out the reforms and dismantling monopoly structures and are trying to preserve a centralized system of administration.

The reorganization carried out in the central apparatus of Uzbekbirlashuv [Uzbek state organization in charge of wholesale trade], its regional and district divisions, is frequently of a formal character. A functioning market infrastructure and competitive environment have not been established, and an attitude of dependency persists.

Self-financing associations set up on the basis of chief directorates, departments, and sections are working according to preordained patterns that do not aid filling the domestic market with quality goods, as a result of which the gap between supplies to the urban and rural population is widening. Shops often do not even have everyday consumer goods.

The joint-stock companies that were set up in the republic's districts on the basis of the previously existing consumer societies are not putting local raw materials, goods, and services into circulation. Work on attracting

people's money and money from workers in the consumer cooperatives system into the credit fund is being carried out in an unsatisfactory manner.

At the same time, certain traders are embarking on the path of entering into agreements with criminal elements with the aim of gaining private profits and are promoting the export of food products and other goods that are bought for hard currency. A total of over 2,000 attempts involving the smuggling of bread products, vegetable oil, rice, meat products, tea, sugar, flour, and agricultural products worth millions of soms were foiled during the first four months of 1995 alone.

With the aim of eliminating the highlighted shortcomings and increasing the effectiveness of the economic reforms being carried out within the system of Uzbekbirlashuv, the Cabinet of Ministers resolves:

1. To agree with the conclusions and proposals of the interdepartmental commission on examining the course of economic reforms in the republic's system of consumer cooperatives. It is deemed necessary to strengthen the leadership of the central apparatus of Uzbekbirlashuv.

2. To accept the following proposals by the board of management of Uzbekbirlashuv:

—Staff numbers in the central apparatus of the board as well as in the apparatuses of the regional unions of joint-stock consumers' societies are to be reduced on average twofold.

—The district consumers' unions are to be abolished, and wholesale and retail associations and firms are to be set up on their basis.

3. The Uzbekbirlashuv board is obliged to:

—implement active measures on fulfilling the decree by the President of the Republic of Uzbekistan issued on 5 January 1995 "On Initiating and encouraging Private Enterprise" and the relevant resolution by the Cabinet of Ministers, and also on eliminating shortcomings uncovered by the interdepartmental commission;

—reconsider within a month, jointly with the State Property Committee of the Republic of Uzbekistan, branch and regional programs for breaking up privatized enterprises into small units by the voluntary reorganization of most of them within 1995 into independent juridical persons;

—define the forms and mechanisms for reorganizing enterprises in the republic's remoter areas within the space of two weeks, and meanwhile ensuring the systematic supply of the populations of those areas with all necessary goods and food products;

—expand the network of permanently operating wholesale markets in order to provide the necessary goods resources for new owners and farming enterprises.

4. With the aim of strengthening the financial well-being of trade enterprises, the proposal of the Uzbekbirlashuv board is to be accepted to achieve an overall volume of up to 500 million soms by 1 July 1995 in voluntary contributions by trade workers and citizens paid to the credit resources of trade enterprises.

5. The Uzbekbirlashuv board, the State Property Committee, the Cabinet of Ministers of the Republic of Karakalpakstan, and regional administrations are to reconsider the triple agreement concluded earlier with enterprises as a result of changes in the structure of consumers' societies and in forms of ownership.

When instances of nonfulfillment of the conditions of the agreement are identified, they are to be cancelled according to the established procedure. Those enterprises are to be auctioned off.

6. The Uzbekbirlashuv board is to conduct within a month, jointly with the State Committee on Forecasts and Statistics, the State Property Committee, the Ministry of Finance, the State Tax Committee of the Republic of Uzbekistan, and relevant regional administrations, an appraisal of employees in the upper echelons of Uzbekbirlashuv.

7. The Cabinet of Ministers' body for consumer goods, trade, and paid services (under Deputy Prime Minister Mirabror Usmanov) is to give constant support to the Uzbekbirlashuv board in implementing measures on intensifying reforms and is to supervise the timeliness and quality of their implementation.

8. Supervision over the implementation of this resolution is to lie with Deputy Prime Minister M.Z. Usmanov.

[signed] Islam Karimov, chairman of the Cabinet of Ministers

[dated] Tashkent, 25 May 1995

Official on Gold Mine Venture With U.S.

LD2605114695 Tashkent Radio Tashkent Network
in Uzbek 0500 GMT 26 May 95

[FBIS Translated Excerpt] The Zerafshan-Newmont joint venture in the Zerafshan valley, which is the result of fruitful cooperation between Uzbekistan and the United States of America, began operations yesterday. An opening ceremony took place. Our correspondent Navruz Rizayev participated in the meeting and interviewed Tulqin Soyoqubov, chairman of the Uzbekistan's Committee for Geology and Underground Resources.

[Begin recording] [passage omitted on the importance of this enterprise] [Soyoqubov] Of the 320 employees in this enterprise, only 22 are from America. The others are from Uzbekistan. In the future there will be only six Americans, and the rest will be Uzbeks. We are partners enjoying equal rights. The Americans are not working for us. They are earning money according to the work they have done. It is mutual; they are making large profits, and Uzbekistan is making even bigger ones. Uzbekistan will have additional gold and additional resources.

[Rizayev] How will the profits from production be divided?

[Soyoqubov] If Uzbekistan gets 70-65 percent of the profits, the U.S. side will get about 35-40 percent [numbers as heard]. If this enterprise operates for 15 years, it will bring more than \$650 million to Uzbekistan. This enterprise will produce output worth approximately \$180-200 million a year. [end recording]

New Uzbek-Swiss Rail Freight Venture Begins

LD3105111095 Tashkent VECHErNIY TASHKENT
in Russian 29 May 95 p 2

[FBIS Translated Excerpt] There are several dozen freight agencies in the Uzbek capital alone. Their work involves freight transport and dispatching railcars and trains on routes across our state and beyond. Competition between such firms is very stiff. Only a firm offering a high standard of service can win in this fight for clients.

It is in these circumstances that a new Uzbek-Swiss joint venture was born at the beginning of the year, in the shape of the closed-type joint-stock company Transrail. It, too, is a freight firm. Transrail was founded by the state joint-stock company Uzbekistan Railways and the Swiss firm Transrail AG.

The Uzbek firm has joined the holding company's streamlined and ramified network. It has missions and

branches in Germany, Finland, Russia, Belarus, Azerbaijan, Estonia, Latvia, Japan etc. This provides a wonderful opportunity to transport Uzbek freight unhindered to virtually anywhere in the world.

It should be noted that Transrail already accounts for up to 35 percent of all the transport carried out by Uzbek industry, despite the stiff competition mentioned above.

What advantages does the new joint venture have over existing firms? As already stated, it has a ramified network of companies, good communications, well-tried working practices and, to crown it all, low service prices. One may add a number of other freight firms are using Transrail's services.

"Our firm is taking its first steps," Mariia Mikhaylovna Krimitova, the director general of the Transrail joint-stock company says. "We plan to develop the company. The main task for us is to set up efficient communications — telephones, electronic mail, and to join the railway computer network, which will naturally ease the task of tracking our freight along the entire route from loading point to destination.

"The firm currently has about 10 employees, but they are working very efficiently. Since March we have concluded about 20 profitable contracts and transported grain, cotton lint, cotton fiber, silk cocoons, Prima cotton wool, and other cargoes to CIS countries, Hungary, the Czech Republic, Slovakia, and China. That is not the limit for us: We can transport freight to anywhere in the world, and to most countries without using intermediaries.

"The firm is planning to set up a marketing department. This subdivision of the company will help to seek out the requisite high-quality goods at acceptable prices in Europe and Asia. The firm has branches in many countries, and they possess the necessary information about goods and prices." [passage omitted]

Armenia

Bilateral Agreements With U.S. Not Ratified

NC3005200595 Yerevan SNARK in English
1222 GMT 29 May 95

[FBIS Transcribed Text] Yerevan, May 29 (SNARK)—The Armenian Supreme Council has not ratified the bilateral agreements with the U.S. concluded in 1992. In his interview to Snark, Chairman of the Supreme Council Committee on Foreign Political Issues Davit Vardanyan said that the Armenian Government's delay is a violation of international rules on the introduction of such documents to legislative bodies. According to Vardanyan, the Committee has returned the texts of all three documents to the Government requiring them to correspond to international norms. The texts had to be in the languages of both parties. But the commission received the texts of the three agreements in English without any explanation. The Chairman noted that after returning the texts to the Armenian Government, the Committee inquired about their fate. The American Embassy in Yerevan is concerned about the documents' fate as well. Until now the government has not responded.

Financing of Russian Military Bases Too Expensive

NC3005200495 Yerevan SNARK in English
0945 GMT 30 May 95

[FBIS Transcribed Text] Yerevan, May 30 (SNARK)—Davit Vardanyan, Chairman of the Armenian Supreme Council's Committee on Foreign Relations, believes that Armenia being in a state of war is not able to finance 50 percent of the expenses for Russian military bases. Moreover, in his interview with SNARK he stated that the agreement's clause on a 50 percent financing contradicts international standards of foreign base activity, since each country in the world finances its own military bases. Another problem is that weapons of the former USSR was not equally divided between the Soviet republics. After the USSR's disintegration, Azerbaijan received 28 percent of the Caspian fleet's weapons, 130 military planes and 10,000 vans with ammunition, which by far exceeds Armenia's share.

Delegation's Visit to Syria, Iran Reviewed

954F2350A Moscow NEZAVISIMAYA GAZETA
in Russian 19 May 95 p 2

[Article by Armen Khanbabayan: "The Blockade Is Broken, Apparently: Yerevan Is Content With the Results of the 'Push to the South'"]

[FBIS Translated Text] The results of the recent visit of an Armenian delegation headed by Prime Minister Grant Bagratyan to Syria, Lebanon, and Iran exceeded

the most fervent expectations. Armenia, growing faint under the burden of economic and financial problems, nonetheless apparently appears a desirable partner for its immediate neighbors.

Among the several contracts concluded between Damascus and Yerevan, the most important would appear to be an agreement on Armenia's participation in the modernization of Syrian power engineering, which does not as yet correspond to the possibilities of a country possessing big energy resources. This will provide employment for the idle Armenian plants, and the state will obtain money for a resolution of its own problems. In Beirut, which represents a pile of ruins following the 17-year civil war, Armenian construction workers will embark on restoration work, and the monies with which Lebanon will pay for their labor will, in turn, help revive the earthquake zone in Armenia. In addition, Armenia and Lebanon signed agreements on cooperation in the transport sphere and on the mutual protection of investments. This means that Lebanese businessmen (many of them ethnic Armenians) will gain an opportunity to invest money in the Armenian economy without undue risk to themselves.

Granted all the importance of a strengthening of mutually beneficial relations with the Arab world, the results of the premier's trip to Tehran would appear to be the most impressive. Having concluded for a 20-year term an agreement on supplies of Iranian gas, Yerevan has practically overcome the most vulnerable factor, which had up to this moment amounted to the absence of routes of the supply of energy sources alternative to the northern path. True, the construction of the gas pipeline will take about two years six months, apparently, but a strong power line will be commissioned much sooner, which will not only alleviate the situation in the republic but will also tie in the "lightweight" Armenian energy structure to a more dependable system. Specialists maintain that this will remove a mass of purely technical problems, providing for the dependability of the operation of the local energy systems. In the more distant future—the construction of a hydropower plant, powerful by today's standards, on the Araks border river.

The phased accomplishment of these plans together with the speedy startup of the Armenian Nuclear Power Plant will enable the republic, Grant Bagratyan believes, to have achieved real energy independence within three or four years. If in addition to this it is considered that a new major bridge across the Araks will be commissioned within two months' time and that commodity turnover between Armenia and Iran will in the very near future grow, at a minimum, threefold, it may be claimed that the country is, in fact, succeeding in break-

ing through the Turkish-Azerbaijani blockade in which it currently finds itself.

All these pleasing economic factors cannot fail, of course, to exert their influence on foreign policy circumstances also. It may be assumed that, having realized the dream of the present leadership of Armenia as a "transit state," Yerevan will by no means be averse in the future to performing the role of natural connecting link between pragmatic circles of the West and Iran. Both the rapprochement between Russia and Iran which has begun to show through and the permanent complexities in Iranian-Turkish and Iranian-Azerbaijani relations could contribute to this to a considerable extent.

And what is most important is that Turkey—Yerevan is convinced—will inevitably recognize that all its efforts to pressure Armenia by the blockade and other hard-line methods have failed. "The Turks will inevitably understand that they have very seriously miscalculated, sacrificing their own economic interests to a pro-Azerbaijani foreign policy," a high-ranking Armenian leader declared. "Sooner or later, Ankara will have to agree to our approach: A normalization of bilateral relations is desirable, but must occur without any prior conditions. But it is far from being a fact that we will then be as interested in economic cooperation as now."

By all accounts, the rapid rapprochement of Armenia and Iran and the Arab countries will, truly, be a headache for Ankara, which runs the risk in time of finding itself isolated. It is logical to assume that Turkey could prefer a bird in the hand, and, as a result, the Karabakh question and other disputed problems would gradually shift from the sphere of actual policy to the sphere of abstract ideological debate.

ARFD Bureau Session Held in Moscow

NC3005200195 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0740 GMT 30 May 95

[FBIS Transcribed Text] Yerevan ("Golos Armenii" daily), 05/30/95—According to the press service of ARFD [Armenian Revolutionary Federation—Dashnaktsutyun] Bureau, its regular full session was held in Moscow on May 19-25.

The session condemned repressions against the party, which were organized personally by RA [Republic of Armenia] President, and qualified his accusations as an absurd slander aiming for political isolation and extradition of Armenian Revolutionary Federation Dashnaktsutyun from Motherland.

Bureau also discussed general political and socio-economic situation in Armenia and noted that Armenians continue leaving their historical motherland as a

result of social and economic disaster. A worry was expressed about a clear desire of the authorities to carry out the elections and constitutional referendum in antidemocratic conditions. Bureau approved activities of opposition and determination of ARFD to continue struggle with the regimen. Bureau welcomed the decision of Russian State Duma about recognition and condemning the genocide of Armenians and qualified this action as another expression of age-old friendship between Russian and Armenian people. It once again shows the necessity to continue special relations of Armenia with Russia.

Azerbaijan

Aliyev Sees 'Possible' Agreement on Karabakh

AU3005131295 Hamburg DIE ZEIT in German 26 May 95 p 10

[Interview with Azerbaijani President Geydar Aliyev by Christian Schmidt-Haeuer; place and date not given: "The Germans Are Cordially Invited"]

[FBIS Translated Text] [Schmidt-Haeuer] Today, Azerbaijan is located at an intersection of international politics. Where are you leading this country to?

[Aliyev] Our course is: independence — good relations with all states, but with fixed coordinates. This is particularly important, because in the CIS there are now trends of longing for a return to the Soviet Union. "One cannot live without Russia," it is said again. However, we will do everything to preserve our independence.

[Schmidt-Haeuer] What is its basis supposed to be?

[Aliyev] Every country must cultivate its traditions and the roots of its beliefs if it wants to have national profile — if it wants to move toward a modern state, toward the Western way of life. For us, this is not easy. Under the tsar, we were a colony; under Soviet rule, generations were indoctrinated by communist ideology and the planned economy. However, one can still open up the country without fear along the principles of the democracies.

[Schmidt-Haeuer] For your neighbors, this was not so easy, as the fate of the shah and the problems of Turkey have shown. Misery and identity crises nourish fundamentalism.

[Aliyev] Our greatest misery is the war with Armenia. One-fifth of our territory is occupied, we have 1 million refugees. The cease-fire since 12 May 1994 is making things easier. However, we need a permanent and just peace: The foreign troops must withdraw and the refugees must return. All our reform efforts are

strained by the consequences of the war. I do not rule out that there will be attempts to fan fundamentalism. However, I am also sure that our efforts do not give fundamentalism any chance.

[Schmidt-Haeuer] Is a settlement with Armenia possible?

[Aliyev] It is possible. We want to prevent the war from breaking out again under any circumstances. The precondition for a settlement is an agreement, which sets down that Nagorno-Karabakh belongs to Azerbaijan with an appropriate status and guarantees the safety of the Azerbaijanis there. The OSCE [Organization for Security and Cooperation in Europe] conference in Budapest moved in this direction. And we are particularly grateful to Germany for its fair position.

[Schmidt-Haeuer] The decisive thing, however, is whether Russia will agree.

[Aliyev] Russia is cultivating special relations with Armenia. There are 25,000 Russian soldiers there at the moment. Armenia and Georgia have guaranteed Moscow military bases for the next 25 years in new treaties. We have neither Russian troops nor military bases on our territory. This tells you something about the conditions. Nevertheless, we want friendly relations and hope for Russia's contribution to ending the Karabakh conflict.

[Schmidt-Haeuer] Foreign Minister Kozyrev warned that Moscow will protect the Russian population in the CIS republics with military force if necessary....

[Aliyev] I can only comment negatively on this statement. No state should threaten another with the use of force. Regarding the Russians in our country: They have no problems, they are not discriminated against, they see Azerbaijan as their home.

[Schmidt-Haeuer] Is the oil business Azerbaijan's security policy nowadays?

[Aliyev] We want to expand our economy for the prosperity of our society — and we are currently unable to mine our natural resources on our own. However, of course, the fact that the world's major oil companies — including five U.S. ones — are working in our country has a certain significance....

[Schmidt-Haeuer] The Germans are missing from this armada....

[Aliyev] There is still room in the new consortium for the development of the Shahdenis field in the southern Caspian Sea. And there is more than just oil production: We need refineries, chemical industry, electricity, transportation networks. Germany, in particular, has a standing invitation in Azerbaijan.

Karabakh Warns Baku Against Violations of Air Space

*LD3005191395 Moscow INTERFAX in English
1751 GMT 30 May 95*

[FBIS Transcribed Text] STEPANAKERT (NAGORNO-KARABAKH), May 30 (Interfax) — The Defense Ministry of the self-proclaimed Nagorno-Karabakh Republic (NKR) has issued a special statement Tuesday strongly warning Azerbaijan against provocations in the air space of the NKR.

On May 30, when the first civil Yak-40 plane arrived from Yerevan, the Stepanakert airport was re-opened for the first time in more than four years. According to the NKR Defense Ministry, on the same day three Azerbaijani fighters conducted an air observation of the borders of the NKR.

It claims that the Azerbaijani Defense Ministry made a statement warning that should there be other similar observations it would "take extreme measures."

The NKR Defense Ministry said in relation to this that "provocative activities of the Azerbaijani Air Forces may become a serious destabilizing factor in the region and, if repeated, they will be viewed by the Nagorno-Karabakh side as a breaching of the truce in the conflict zone."

"Two Baku-Nakhichevan-Ankara airlines passed in immediate proximity to the NKR borders. The Nagorno-Karabakh Defense Ministry warns the Azerbaijani side that should provocations take place against civil planes the NKR reserves a right to take adequate measures against any Azerbaijani planes flying over the territories controlled of the NKR forces," says the statement.

Estonia

Premier Vahi Discusses Accords With Russia

*WS3105085195 Tallinn BNS in English
1600 GMT 30 May 95*

[FBIS Transcribed Text] Tallinn, May 30, BNS — The Estonian Government is not going to link the ratification of the agreements on Russian troop withdrawal and on social guarantees for retired military to each other, Prime Minister Tiit Vahi said on Tuesday [30 May].

"Things really are so that all the agreements signed by the Estonian and Russian presidents must be considered separately," he said at a press conference.

Sergei Prikhodko, of the Russian Foreign Ministry, said on Friday that Moscow regarded attempts to link ratification of the agreements to any other issues of bilateral relations as legally incorrect and unacceptable.

Vahi said on Tuesday that the agreements, signed by presidents Lennart Meri and Boris Yeltsin in Moscow last July, were not to be put to the parliament before summer recess.

The Estonian parliament has no scheduled sessions between June 15 and Sept 11.

The Russian State Duma (lower house) has received the agreements but has not started the process of their ratification.

Agreement With Israel on Weaponry Training

*LD3005222595 Tallinn Radio Tallinn Network
in Estonian 1700 GMT 30 May 95*

[FBIS Translated Text] Israel has promised to help Estonia to maintain weapons purchased from Israel. During today's meeting between Israeli top military men and Defense Minister Andrus Oovel, the care and effective use of the weapons purchased from Israel were under discussion. The Israeli delegation, led by Israeli state defense secretary Maj Gen David Ivri, offered to Estonia training in connection with the Israeli weapons. The defense minister and the Israeli major-general came to an agreement about training.

Their meeting also discussed the Israeli offer of radar equipment for sale to Estonia, as well as its possible location. Israel is interested also in establishing economic links with Estonia and the other Baltic states.

Vahi Hopes Latvian Border Problem To Be Resolved

*LD3105103795 Riga Radio Riga Network in Latvian
1000 GMT 31 May 95*

[FBIS Translated Text] Estonian Prime Minister Tiit Vahi has expressed the hope that the conflict over the

Estonian-Latvian sea border in the Gulf of Riga will be tackled by this autumn. Vahi said that Latvian Prime Minister Maris Gailis hopes to tackle the disagreement over the border by October, when elections to the Saeima will be held in Latvia. Vahi also hopes to settle the border issue by that time.

The prime ministers of the two countries, meeting in Parnu on 26 May, were of the same opinion: that the sea border problem has to be settled without the fuss that flared up in March and April. In those two months, Estonian border guards expelled Latvian fishing vessels from Estonian territorial waters several times because they were fishing on territory which Estonia had unilaterally declared its own.

Prime Minister Vahi: GDP Fell Last Year

*WS3105085295 Tallinn ETA in English
2020 GMT 30 May 95*

[“News Release”]

[FBIS Transcribed Text] Estonian Prime Minister Tiit Vahi told a press conference on Tuesday that Estonian gross domestic product (GDP) fell last year, contradicting thus estimates by Bank of Estonia and foreign experts.

The speech “Situation in Estonia”, which Vahi is to hold on Wednesday to the parliament and which intends to give a review of Estonian political and economic situation at present, Vahi said will be based upon data provided by State Statistics Department according to which the GDP fell last year as compared to 1993 3.2 per cent.

“Both IMF, World Bank and Bank of Estonia have in reality issued forecasts while the Statistics Department gives the real figure,” Vahi said.

Last week the Statistics Department said that according to preliminary statistical data the GDP, accounted in permanent prices, fell in 1994 for 775 million kroons or 3.2 per cent as compared to 1993.

Former Finance Minister Andres Lipstok has told ETA that the fall recorded by Statistics Department should not be overestimated for the figure depends largely on accounting methods. According to Bank of Estonia preliminary estimates the real increase in Estonia's economy in 1994 was about 4.7 per cent. Also World Bank and IMF have estimated a growth in Estonian economy in 1994 and predicted an up to 5 per cent increase in 1995.

Latvia

Baltic Navies To Participate in NATO Exercises

LD3005130595 Riga Radio Riga Network in Latvian
1200 GMT 30 May 95

[FBIS Translated Text] For the first time ships of the naval forces of all the three Baltic states will take part in the annual NATO exercises Baltop-95, which will be taking place in the southern part of the Baltic Sea from 6 to 12 June.

Gaidis Zeibots, the commander of the Latvian naval forces, has said that the minesweeper Imanta will be taking part in the exercises on the Latvian side.

The fleets of 14 countries with over 30 ships will take part in Baltop-95, which will be taking place off the Swedish and Danish shores. There will be ships of NATO countries and member states of the Partnership for Peace program there. It is planned to end the exercises in Poland.

Until now Latvia and Estonia have taken part in these exercises as observers. Lithuania for its part has been represented in the Baltop for two years now by a ship from its naval forces.

Trade Decreases With Russia, CIS Bloc

WS3005141795 Riga LETA in English
1103 GMT 30 May 95

[FBIS Transcribed Text] Riga, May 30 LETA — At a press conference on Monday, May 29, the officials of the Department of Trade from Latvia's Ministry of Economy, noted that the import and export trade with Russia and the CIS has fallen by about two percent each year for the last few years. This decrease in trade has occurred despite normalization of relations and mutual cooperation treaties. The main reasons for this trend are the non-convertability of Russia's currency, the lack of faith that payment will be received, the difficulties in receiving payment, and the ability to purchase goods on the open market.

The legal aspects of mutual trade agreements are formulated by a special Latvia-CIS Trade Policy group. According to Latvia's representative on this group, Aivars Gulbis, the Russians often try to avoid the task of developing normal trade relations with Latvia. This however should not be an impediment to trade and he suggests that Latvian exporters establish direct contacts with specific regions which enjoy a large measure of economic independence.

'Tibet Convention' Support Group Formed in Parliament

LD3005203895 Riga Radio Riga Network in Latvian
1700 GMT 30 May 95

[FBIS Translated Text] The Latvian Saeima now has a Tibet Convention support group. Members of it, deputies Peteris Elferts and Juris Sinka, announced today that last weekend in Vienna there took place the second world parliamentarians' convention on Tibet. Taking part in it were representatives of 21 countries, and it adopted several documents calling on parliaments to conduct research and an international investigation into human rights violations in Tibet. The Latvian parliamentarians supported the resolution to form a special international delegation to visit Tibet, Beijing, and Dharamsala. Juris Sinka emphasized that he will call on the government and parliament to support Tibet's striving for state independence more actively in future, by giving moral and humanitarian assistance.

Lithuania

Brazauskas Comments on Sea Border Talks

LD3005174695 Riga Radio Riga Network in Latvian
1500 GMT 30 May 95

[FBIS Translated Text] President Algirdas Brazauskas of Lithuania stated today that in concluding the secret memorandum at Maisiagala, he was trying to preserve good relations between Lithuania and Latvia. The talks between Lithuania and Latvia on the sea border had got into deadlock when in the spring of this year the two countries exchanged sharp notes about Latvian efforts to search for possible petroleum deposits in a disputed part of the Baltic sea shelf. The memorandum of intent signed at Maisiagala on 20 May by the premiers and presidents of Lithuania and Latvia on defining the sea border gave rise to tensions in Lithuania. This document was hidden not only from the opposition but also from the highest-ranking persons in the Lithuanian Foreign Ministry who were taking part in the talks with Latvia. Brazauskas announced that the text of the memorandum will not be made public in future either, but will be indicated in the agreement with Latvia. All the more so because there are other neighbor states that ought not to know about it, emphasized Brazauskas today. Representatives of the Latvian Government, immediately after the meeting at Maisiagala, announced that the countries' leaders had agreed on defining as the sea border a mean line between the options presented by the two sides.

Opposition Demands Annuling Sea Border Deal

LD3105102595

[FBIS Editorial Report] Vilnius Radio Vilnius Network in Lithuania at 0900 GMT on 31 May broadcasts a 3-minute report by an unidentified correspondent on five Lithuanian opposition parties represented at the Lithuanian Seimas (parliament), which have issued a joint statement suggesting that President Algirdas Brazauskas and Prime Minister Adolfas Slezevicius should immediately denounce the secret memorandum on a maritime border with Latvia, signed on 20 May in the Lithuanian town of Maisiagala by the Latvian and Lithuanian presidents.

The correspondent says that the statement also demands setting up an ad-hoc Seimas commission to investigate whether the signing of the memorandum does not constitute a conflict between the interests of the Republic of Lithuania and the private interests of high-ranking officials.

"The opposition parties at the Seimas are going to discuss the possibility of an interpellation to Prime Minister Adolfas Slezevicius, who has ignored the delegation for maritime border talks between Lithuania and Latvia," the correspondent says.